

Reports of the Stakeholder Action Groups

October 2007

Introduction

Report of the Marketing Stakeholder Action Group

Report of the Harvesting East Stakeholder Action Group

Report of the Harvesting South Stakeholder Action Group

Report of the Processing Stakeholder Action Group

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Industry Profile

Introduction

The New Brunswick Department of Fisheries was created in October of 2006 under the Liberal government of Premier Shawn Graham with the appointment of Rick Doucet as Minister. Upon taking office, Minister Doucet initiated a series of direct consultations with fishing industry representatives throughout the province, culminating in the Fisheries Summit in February 2007 hosted by the Minister in cooperation with the Hon. Loyola Hearn, Minister of Fisheries and Oceans Canada.

At the conclusion of the Summit, Minister Doucet proposed an Action Plan establishing Stakeholder Action Groups for Marketing, Harvesting East, Harvesting South, Processing and Governance with a mandate to review the issues from the Fisheries Summit, establish a priority order for addressing them and recommend specific actions to resolve them. He also committed to develop a *Fisheries Renewal Framework* that would provide a long-term vision and strategy for renewal of the fisheries industry in New Brunswick.

The fisheries sector remains an important contributor to the economic growth and social well-being of New Brunswick, mainly in rural and coastal communities. In 2006, fish and seafood exports surpassed \$795 million, maintaining New Brunswick's position as the fourth largest exporter of fish and seafood products in Canada. Total production of seafood and seafood products for 2006 is estimated at \$1.1 billion.

The seafood sector provides direct employment for over 12,000 New Brunswickers, primarily in harvesting and processing. In addition, transportation, manufacturing and other industries depend on the fishery to support thousands of indirect employment opportunities. A more in-depth explanation of the economic impact of the fisheries in New Brunswick can be found in the Industry Profile document.

Stakeholder Action Groups

Five Stakeholder Action Groups (SAGs) were formed, each having between six and 20 members. A total of 50 industry representatives participated in the SAG process. Officials from the Department of Fisheries, other provincial departments, and Fisheries and Oceans Canada, were also included in each group to provide support and specific expertise in relation to government programs and policies. Logistical support for the SAGs was provided by the Department of Fisheries staff. Recommendations from the SAGs will form the basis for the development of a *Fisheries Renewal Framework*.

During deliberations of the Stakeholder Action Groups, it was recognized that consensus, although desirable, would not always be possible as different sectors would have varying, and sometimes diverging interests and perspectives. As opposing positions arose, participants were asked to identify the implications of various recommendations, who would be impacted, and to highlight concerns they might have. This information has been included to ensure that governments have a balanced understanding of the issues in order to make fully informed decisions that will be in the best interests of the industry.

The value of the contribution of the members of the Stakeholder Action Groups to this process cannot be overstated. Throughout these months, members have been open, engaged and candid in their dedication to the goals of the process and to the improvement of the long-term viability of the fisheries and seafood industry in New Brunswick.

Final Reports

After holding several meetings between May and September 2007, the SAGs have now finalized their individual reports. It is important to note that these five reports comprise the recommendations of the industry, not the governments. Full ownership of these reports, and the recommendations contained therein, belongs to those industry representatives who have signed each of the reports.

The final reports of the five Stakeholder Action Groups are now being made available to the public to provide an opportunity for all stakeholders to give feedback and comments in relation to the recommendations being put forward.

Stakeholders are requested to provide **written feedback** to the Department of Fisheries by November 9, 2007 addressed to the following:

Feedback on Stakeholder Action Groups
c/o New Brunswick Department of Fisheries
P.O. Box 6000
Fredericton, NB E3B 5H1

or

Email: fisheriesrenewal@gnb.ca

or

Fax: 506-462-5929

Copies of the Stakeholder Action Group Reports can be obtained by contacting the above or any of the Department's Regional Offices, and are also available at the Department's web site: www.gnb.ca; keyword "Fisheries".

Fisheries Renewal Framework

Based on the Stakeholder Action Groups' reports and feedback from industry, the Department of Fisheries will prepare a *Fisheries Renewal Framework* that will outline the strategies and priorities recommended by industry and government to address the international competitive challenges we are facing. The Framework is expected to be presented to Government before the end of 2007 in order that consideration will be given for the policy, planning and budgeting processes of government for the 2008-09 fiscal year.

REPORT OF THE
MARKETING STAKEHOLDER ACTION GROUP

PRESENTED TO
THE NB MINISTER OF FISHERIES
AND
THE MINISTER OF FISHERIES AND OCEANS

SEPTEMBER 30, 2007

The Honourable Rick Doucet
New Brunswick Minister of Fisheries

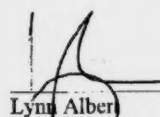
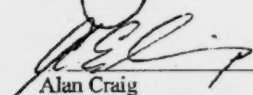
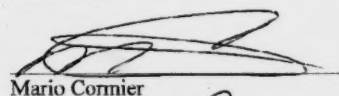
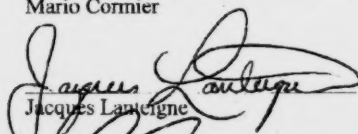
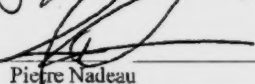
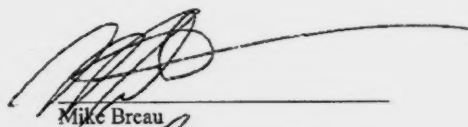
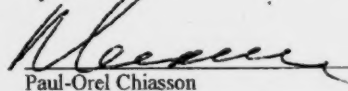
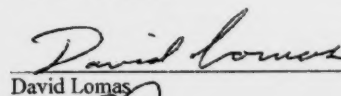
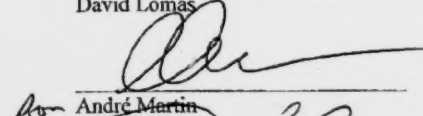
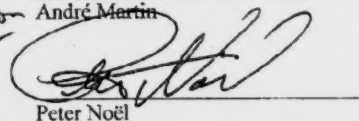
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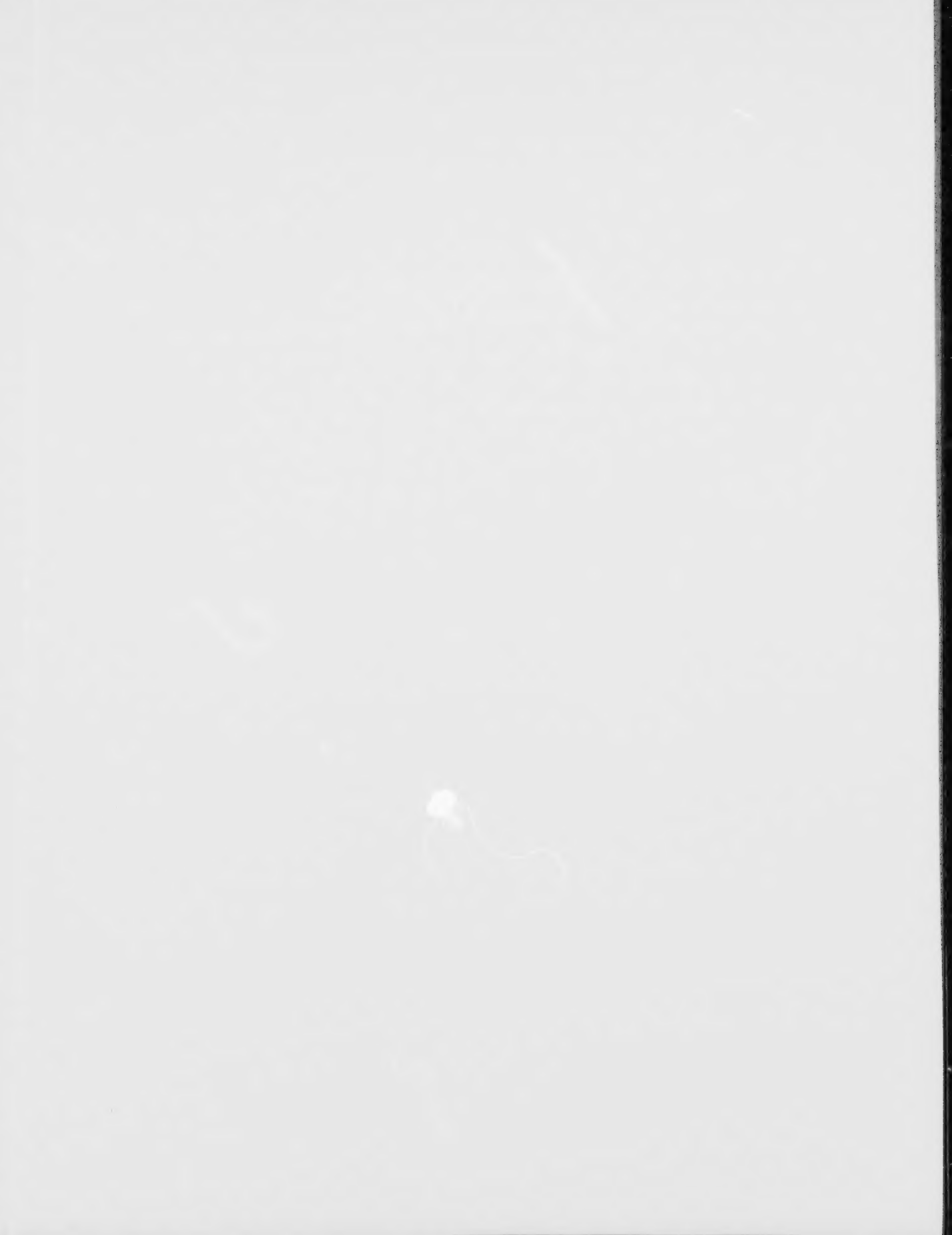
The Honourable Loyola Hearn
Minister of Fisheries and Oceans Canada

Ministers,

We have been honoured to be invited to participate in the Marketing Stakeholder Action Group and submit the following report for your consideration.

Respectfully submitted,


Lynn Alber
Alan Craig
Mario Cormier
Jacques Lamcigne
Pierre Nadeau
Mike Breau
Paul-Orel Chiasson
David Lomas
André Martin
Peter Noël



MARKETING

INTRODUCTION

Through consultations and during the Fisheries Summit, issues were identified relating to eco-labeling and quality reputation. Our industry is facing a number of challenges from regulators, distributors and other jurisdictions that make it more and more difficult to find and enter new markets and even to retain domestic markets. Requirements for 3rd party audits of quality and traceability systems as well as operations being asked to demonstrate ecological and environmental responsibility are just some of these.

Market concentration of distribution channels presents a hurdle that must be addressed. More and more of our food products are sold through fewer distributors, retail and restaurant chains. Markets are expecting stable process, rather than wide fluctuations in market prices. Customers are seeking more than one commodity or species from a supplier while, at the same time, they are also seeking larger volumes of product. Customers want supply of products throughout the year from one supplier, and not only during the fishing season. On the other hand, while our markets are dominated by the United States (85%), there is significant potential for greater geographic diversification and for targeting smaller geographic areas.

New Brunswick needs to develop and promote a seafood identity that differentiates products from commodities. There is opportunity in the promotion of seafood's healthful advantages relative to other protein sources. Development of non-traditional and high-value uses for fish and other marine products is important. Improving the overall quality of fish and seafood will serve to increase demand for the New Brunswick product.

Tariff and non-tariff barriers limit our potential to expand and diversify our international markets. Interprovincial trade barriers hamper the trade of fish and fish products between provinces and reduce the competitiveness of the Canadian industry.

There is a diversity of required skills and needs in the industry in relation to marketing. More cohesive marketing efforts are required by all partners in order to make our efforts in this area more effective.

1 BUSINESS DEVELOPMENT

The objective of the business development effort is to provide programming and leadership for the New Brunswick seafood processing and fishing industry in areas of business development that will contribute to the overall competitiveness of the industry

1.1. Enhanced Trade Show Support

Context – Each year Department of Fisheries staff attend the Boston Seafood Show, at which they set up a booth and sponsor a reception to promote New Brunswick products. This exposure is considered very effective by our industry in attracting new business. It is felt more of this

type of representation by the Department of Fisheries would be invaluable to industry.

Industry presently receives information from the Department in advance of each trade show. This information, however, is not adequate to inform on what can be expected from each event in order for industry to make decisions on whether, or which, to attend.

Recommendation - Enhanced trade show support should be provided by the Department of Fisheries, including provision of more information to industry of what they can expect from each show and generic presence from the New Brunswick Department of Fisheries. The Department should take a booth for promoting the New Brunswick seafood industry as a whole in more shows besides the Boston Seafood Show and with more focussed planning in advance of each selected show.

Considerations - This will provide increased exposure for the New Brunswick seafood industry. It would be beneficial if there was more advance planning taking place in coordination with the Trade Commissioners for each selected show.

1.2. Trade and Technical Assistance Programs

Context - Under the seafood component of the Trade Assistance Program, the Department currently provides funding to industry to attend trade shows or participate in international market development missions. The program objectives are to provide cost-shared assistance to companies wanting to participate at trade shows or trade missions and assistance for companies wanting to bring buyers to New Brunswick. This support includes cost sharing of airfare and provision of per diems.

Harvesters also want to be better informed of the markets and are interested in encouraging more diversification of products in order to provide for the sustainability of our coastal communities. Provision of more opportunities for interaction with other sectors of the industry will build stronger ties with other parts of industry.

Recommendations - Trade and Technical Assistance programs should be enhanced to cost-share expenses for New Brunswick industry to attend trade shows or participate in international market development missions. The Department should also organize additional department led missions in targeted markets (i.e. China 2006, Cuba 2007).

Considerations - With these recommendations more funding by the Department will be required, both in terms of increased costs for advance planning and more support to industry to attend more shows. This will provide for increased ability for industry to participate in trade shows and technological missions, thereby increasing exposure to markets and the making of contacts for exporting purposes.

Government must ensure that fair access to programs for all is achieved. Since some companies employ the use of brokers to market their products, consideration should be given to ensure that these brokers attending trade shows on behalf of New Brunswick companies should also be eligible for support.

1.3. Planning and Research

Context – Development of intelligence on possible markets is important in deciding which trips would be of most benefit to whom as part of the government program. Information both on possible markets and what is being done in other Canadian jurisdictions may be useful.

Recommendations:

- a) The Department of Fisheries should provide more focussed planning and enhanced research efforts prior to selecting participants and attending trade shows and promotional events, including advance planning with Trade Commissioners.
- b) Models for market development being utilized by other jurisdictions should be explored and researched.

Considerations - The Advisory Group on Market Development recommended below can play an important role in this respect in cooperation with department staff.

1.4. Targeted Promotional Events

Recommendation - Assistance should be provided by the Department of Fisheries to promote and highlight seafood in targeted markets by partnering with trade representatives and New Brunswick seafood suppliers in promotional activities. Promotion of the healthful nature of seafood can be a selling feature.

Considerations - Improving access to existing programs would avoid duplicating what is already being done.

Government's role is mainly in generic programs. While effort may be targeted towards one species, support under this program will target industry as a whole. At the same time, exploration of niche markets, especially domestic ones, should be considered.

This should provide potential for more innovative partnerships in industry with the objective of promoting New Brunswick seafood.

1.5. Advisory Group on Market Development

Context – As indicated above, industry would benefit from better advance planning of trade shows and missions, planning for market development and being better informed as to what they could expect from their participation prior to making these decisions.

Recommendation - The Department of Fisheries should establish an advisory group, including representation of harvesters, processors and marketers, as well as government, to help plan for and select market development in both new (developmental) and existing (promotional) markets.

Considerations - In pursuing their mandate the Advisory Group should be mindful that a common goal for people going on each mission should be identified.

2. INNOVATIVE MARKET DEVELOPMENT

The objective of innovative market development is to improve the New Brunswick seafood market position and presence in the market through 1) leadership and innovative market development activities, 2) assistance to industry in meeting supply chain challenges, 3) improving year-round product availability, and 4) stabilizing prices.

2.1. Support for Industry Market Strategies.

Context – Industry needs more assistance from government, both in terms of researching information on potential markets and developing strategies for attracting and accessing those markets. The objective is for the various sectors of the industry to work together to develop a better quality product that will enable producers to be competitive.

Recommendation - The Department of Fisheries should support industry market strategies and provide cost-shared (provincial/federal/industry) assistance for New Brunswick companies, associations and various industry partners to develop innovative marketing strategies, market studies and research for both new and existing markets.

Considerations – Improved understanding of international trade and market requirements will provide better positioning in relation to our competitors. However, this does not address the fact that industry, in many cases, is not able to support inventory for long periods of time in order to develop markets on a year-round basis.

2.2. Promotional Materials

Context – We are well served with some association with the Canadian identity in that Canada is a safe supplier of seafood with a good inspection system. At the same time, the New Brunswick seafood industry needs to focus on what we do well. We work hard, have a good working ethic and provide a quality product. Differentiation may be better served on a niche or smaller scale.

Recommendations:

- a) The Department of Fisheries needs additional promotional material for development of New Brunswick's seafood image, development of a New Brunswick seafood identity and generic corporate promotional materials.
- b) Cost-shared (provincial/federal/industry) funding should also be available to industry for them to develop promotional materials.

Considerations - It is important to continue focusing on quality for those species requiring improvement. There is an expectation that new markets will draw improved quality product being landed by harvesters.

In some cases, the Canadian image is not what we want, as our New Brunswick product is superior to that in some other provinces.

2.3. Specialized Knowledge

Context - Industry is challenged in accessing the information they need regarding various potential markets in order to evaluate whether they should pursue opportunities in those locations. They are asking that governments take a lead role in providing the necessary information.

Recommendation - The Department of Fisheries, in consultation with partners (i.e. industry and federal agencies), should assume responsibility to convey specialized knowledge on potential markets, trade requirements, certification requirements, tariffs and labelling.

Considerations - In pursuing this initiative, the Department and industry should be mindful of federal experts and various consulates throughout the world as sources for information. Additional resources in the Department of Fisheries will be required.

3. ASSISTANCE FOR STRATEGIC INDUSTRY CHALLENGES

The objective is to ensure that industry can access assistance to address strategic industry challenges in seafood marketing in New Brunswick.

3.1. Assistance for Addressing Industry Issues

Context - Financial support for all the sectors is important. Investment to meet various standards set for accessing various international markets is commonly required. Plant facilities of the primary processors often require plant upgrades in order to meet the various certification requirements.

Recommendation - The Department of Fisheries should provide, in cooperation with other agencies, cost-shared assistance for addressing current industry issues relating to quality, sustainability, viability, traceability and certification in seafood marketing.

Considerations - Industry will be better prepared to respond to market requirements in terms of quality and traceability. Plant upgrades to meet certain certification requirements are, in some cases, currently not eligible for funding support.

3.2. New Product Development Activities

Context - The New Brunswick industry, with a few exceptions, is not present directly on the market and therefore is not well-positioned to respond to new market opportunities. We are weak in our current knowledge of market opportunities in areas such as bio-products.

Researching new markets and investment in innovation to attempt to enter those markets can be costly and risky, in that the payback may not be there in the end.

Recommendation - Development agencies should be encouraged to provide greater cost-shared assistance in new product development activities, research and development and by-products utilization, bio-economy and innovation.

Considerations - A more diversified industry with less dependence on commodity type products will provide for a more competitive industry.

Positive environmental impacts will result from the use of bio-products and reduction in waste products.

3.3. Technology Development, Research and Development

Context - Viable operations in the processing sector are required in order to justify investments for new products or technologies. Better use of processing infrastructure is required. Improved ability to respond to a

longer processing season would make the industry more attractive to the workforce. More investment is required in both research and commercialization.

Recommendation - Development agencies (including the Department of Fisheries) should be encouraged to provide greater cost-shared assistance for technology development, research and development. Funds can be used to leverage other funds from the Industrial Research Assistance Program (IRAP) and the Canadian Centre for Fisheries Innovation (CCFI).

Considerations - More technology development could, in many cases, result in an entirely different way of doing business than what the industry is used to, thereby increasing productivity and therefore competitiveness.

4. ADVOCACY

The Department of Fisheries plays a key role in advocating for improvements to the New Brunswick seafood industry. This effort in support of industry needs to be enhanced.

4.1. Advocacy

Recommendations - It is recommended that the Department of Fisheries enhance its advocacy efforts in the following areas:

- a) Work more closely with the federal Trade Commissioners to make them more aware of New Brunswick industry and products;
- b) Advocacy for, at a minimum, a Province of New Brunswick seat on the Seafood Value Chain Roundtable – need to be a part of it – this is where information is gained on trade barriers, CAFI, non-tariff barriers, etc.;
- c) Industry needs to provide information to the Department of Fisheries in relation to trade barriers being encountered so that department staff can ensure these issues are taken forward to trade discussions;
- d) Advocacy for strategic infrastructure improvements related to meeting international quality and standards (Atlantic Canada Opportunities Agency (ACOA)/Business New Brunswick (BNB) funding);
- e) Advocacy with ACOA for various elements of funding relating to trade, such as trade and technical assistance programs, assistance for addressing industry trade issues, new product development activities, technology development, research and development and support for industry market strategies;
- f) Advocacy for reinstatement of tied funding programs such as CIDA;
- g) Advocacy for reinstitution of New Brunswick access to federal funding under CAFI and any other federal programs that would assist seafood marketing; and

- h) Advocacy for the federal government to be more responsive to meeting the needs of the industry.

Considerations - Enhanced advocacy efforts would better position New Brunswick in the negotiations the federal government is undertaking for trade for Canada.

An improved relationship with Trade Commissioners would provide better access to information on both target markets and niche markets. Increasing knowledge of the Trade Commissioners about New Brunswick would provide for better representation of New Brunswick interests, products and abilities.

Better access to information on trade, tariffs, financial funding programs, promotions and trade events being planned at the federal level would enhance opportunities for New Brunswick suppliers.

The disconnect at the federal level on fisheries, spread over several departments, has put New Brunswick at a disadvantage on trade policy matters. Industry needs to be assured that the NB government is bringing forward concerns to the federal government to coordinate the various federal structures. Encouragement of the "ocean to plate" emphasis may help to improve coordination of these efforts.

A provincial association dedicated to CAFI specifically geared towards attaining CAFI funding for New Brunswick to support our market growth may be considered.

5. PUBLIC STORAGE FACILITIES

Sustainability of the industry can be enhanced by ensuring industry has the ability to provide product and therefore access markets on a year-round basis. However, the availability of storage facilities in the province, both cold and other, presents a constant challenge for our processors.

5.1. Feasibility Study

Context - While there is a recognized shortage of available storage facilities in New Brunswick, and this shortage is compromising suppliers' abilities to meet the needs of markets (i.e. year-round supply), exactly what is required and where in the province those facilities should be best placed has not been explored. It is important to have refrigeration capacity to develop new products and marine co-products in order to be able to store significant amounts.

Recommendation - In cooperation with industry, the Department of Fisheries should carry out a feasibility study and prepare a cost/benefit analysis to determine how we could provide for central storage (frozen, cold and other) for the industry. This study is to include an inventory of existing capacity and alternatives for building/owning/operating.

Considerations - There are differing opinions as to who should be responsible for paying the cost of building and running storage facilities. While there is some indication that this may be partially a government responsibility, the extent of that responsibility may be questioned, and some might consider this a regular cost of doing business. In addition, with more storage available, there will be a challenge to finance inventories, and mechanisms for this financing may also have to be considered. Trade implications, especially under the Agreement on Internal Trade (AIT) and the North American Free Trade Agreement (NAFTA), would have to be identified to determine if this would be perceived as a subsidy.

REPORT OF THE
HARVESTING SOUTH STAKEHOLDER ACTION GROUP

PRESENTED TO
THE NB MINISTER OF FISHERIES
AND
THE MINISTER OF FISHERIES AND OCEANS CANADA

SEPTEMBER 30, 2007

The Honourable Rick Doucet
New Brunswick Minister of Fisheries

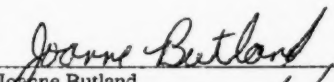
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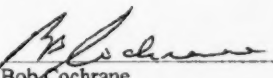
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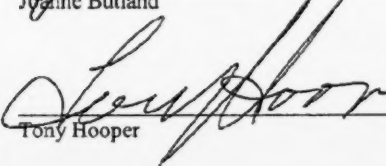
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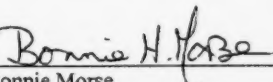
We have been honoured to be invited to participate in the Harvesting South Stakeholder Action Group and submit the following report for your consideration.

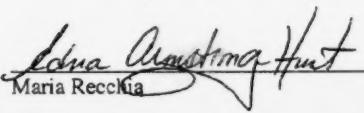
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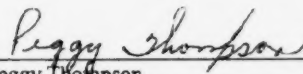

Joanne Butland


Bob Cochrane


Tony Hooper


Bonnie Morse

for 
Maria Recchia


Peggy Thompson

HARVESTING SOUTH STAKEHOLDER ACTION GROUP

INTRODUCTION

It is the responsibility of governments to ensure that regulatory regimes put in place for the management of the fishery are respected and complied with. The industry counts on this, and where non-compliance is evident, industry expects governments to protect their interests and deal with these situations appropriately. Current concern is that weaknesses in existing enforcement efforts, both federally and provincially, along with insufficient incentives to comply and penalties for non-compliance, are not adequate to protect those interests.

The demographics of the fishing industry raise concern for its long-term sustainability. A significant number of New Brunswick fishermen will retire over the next 10 years. The anticipated continued out-migration and urbanization of society to larger centres with more varied services and amenities, as well as smaller families and the high cost to enter the fishery, may limit the number of new entrants. A continuing challenge will be to increase the financial attractiveness of the fishery to facilitate the entry of young people. Fleet financing alternatives and access programs for financing, training and mentoring will become increasingly important.

Support for fishing as a profession depends on the recognition of the vital contribution that fishermen receive from their communities. Increased opportunities and financial support for training, as well as the promotion of the fisheries as a professional career choice, are required to build awareness of the possibilities for a future in the fisheries, especially for succession to the younger generation.

Fishermen, processors and marketers must have a common understanding of the market forces that drive consumer demand in order to maximize returns. Communications and the provision of information to these industry stakeholders are key. The types of information required include general market information, impacts of globalization on marine producers, market trends and new demands, as well as how to develop and maintain our presence on markets. In addition to shared information and understanding, dialogue between all sectors is critical.

A mechanism is required to consider the impact of various gears on the habitat and the stocks to assess the sustainability of various fisheries, and to find solutions to gear conflicts. Government is expected to take a leadership role in facilitating dialogue to ensure management planning that addresses all stakeholders' issues takes place.

The capacity of wharves is proving to be insufficient to meet the increase in demand for wharf space. Significant improvements to and investment in the wharf infrastructure in New Brunswick are required to meet the current requirements of the fishing industry as well as other industries now utilizing the wharves. It must be noted that the unique nature of the tides in the Bay of Fundy significantly increase the cost of maintaining the infrastructure in the Southwest.

Through consultations and during the Fisheries Summit issues were identified in relation to overcapacity, meaning too many fishing enterprises to land the resources available. There has been rationalization in the South over recent years that has addressed this issue, but there is still concern over the cost structure of fishing enterprises, in that the value and availability of the resource may not keep pace with the ever increasing capital costs. Long-term viability of some enterprises is eroding as incomes drop and operating costs rise, but the Harvesting South Stakeholder Action Group does not feel there are currently sufficient pressures to introduce a rationalization program in the region.

Due to the ongoing fluctuations in landings and values inherent in the fisheries industry, there is a need for mechanisms that would allow fishermen to adjust to resource and market changes.

While there is an increased demand for improved quality, fishermen must know that the investments required to achieve that improvement will result in a higher realizable price for their product (i.e. investments in improved handling technologies to improve quality at the wharf). This additional investment on the part of the fishermen should command a higher price from the customer, and the market must demonstrate its ability and willingness to pay the higher price.

1 CONSERVATION AND PROTECTION

Although only a small part of the fishing industry circumvents the rules and regulations, the conservation, economic and reputation impacts of non-compliance can severely impact the industry.

There have been some limited, but very serious, scares or issues around shellfish harvesting as it relates to tourism. However, it is also a well-known fact that shellfish harvesting occurs in closed areas for commercial gain. There is a critical need for all to be more informed of the implications of having people get sick as a result of illegal activity in harvesting.

Fisheries and Oceans Canada (DFO) conservation and protection personnel are not present at the management planning stage, causing a disconnect between planning and carrying out of enforcement activities. There is a need for improved collaboration between DFO Resource Management and DFO Conservation and Protection units. Difficulty in getting convictions for violations is also common.

Education of the court system on the negative impacts of poaching and the need for effective deterrents is evident. Stronger, more effective penalties for non-compliance or incentives to comply are called for.

1.1. Co-operative enforcement

Context – When fishermen do not follow certain codes of harvesting practice, the sustainability of the resource is compromised (i.e. clams). Implications can also be far reaching enough to threaten ongoing viability of other fisheries resources.

Lack of effective enforcement is evident in both the harvesting and processing sectors by both the federal and provincial enforcement agencies.

The very large increase in capital investment in the fishery in the past decade may also have increased the tendency to skirt the rules following any economic downturn.

Improved enforcement is only one of the measures that will be required to address the sale of contaminated product. The industry should have well defined codes of practice and harvesters should play a role by assisting authorities through the reporting of evident infractions.

Recommendations:

- a) Increase the resources available to Fisheries and Oceans Canada (DFO) to provide for improved enforcement activities. Build a more collaborative approach in DFO between enforcement and management for planning purposes.
- b) Ensure mechanisms are in place and existing regulations are enforced to allow for cooperative enforcement by both levels of government and at both the harvester and buyer/processor levels.
- c) Provide for increased fines and stiffer penalties applied through the courts for non-compliance. Also encourage the courts to incorporate requirements for further training on best management practices where people have been found guilty of violations.
- d) Advocate for the Canadian Food Inspection Agency (CFIA) and Fisheries and Oceans Canada to increase education on, and enforcement of, food safety requirements relating to clams.

Considerations – There is a growing requirement for development of programs as indicated in 2.3 and follow-through with effective sanctions, either by government (the court system) or industry (i.e. Southwest Groundfish Management Board).

As over-capitalization may put increased financial pressure on individual enterprises, the two levels of government must develop more effective and better coordinated enforcement programs.

Increased awareness and enforcement will be expected to reduce incidents of maladies related to both tainted product and illegal fishing.

2. DEMOGRAPHICS, RECRUITMENT AND TRAINING

Although a significant number of fishermen are due to retire over the next 10 years, high entry costs, an anticipated drop in the populations of coastal communities and the sector being too often viewed as employment of last resort are likely to generate only a limited number of new entrants to the fishery. It is necessary to increase the awareness of fishing as a professional alternative by providing enhanced and more effective introduction and orientation to the fishery, earlier access to training, both awareness and vocational, and improved access to

financial assistance to potential new entrants. A training and education strategy will provide the fishery with the specific knowledge for the sustainable use of gear, maintenance of the quality of fish, the safe operation of fishing vessels and regulatory compliance as well as enhanced business training to help ensure the viability of enterprises.

2.1. Secondary school programs, training and skills

Context - Students in secondary schools are not being introduced to fishing as a career choice, and therefore may not recognize the fishery as an option for a valued job and career. Secondary school should be targeted as the place to build awareness of the attractiveness of a career in the fishery at the time in people's lives when they are considering directions for their futures.

Recommendation - In consultation with industry, the Department of Fisheries, the Department of Education and Fisheries and Oceans Canada should undertake development of secondary school system programs, including career days, to increase awareness among teachers, guidance counsellors and students on the potential of fisheries careers. Introductory/preparatory courses in coastal community high-schools such as knot-tying, small engine repair, marine safety and environment, socio-economic and business management aspects of the industry should be offered. Vocational training in the school system that builds applied skills for fishery careers should be offered as well.

Considerations – These programs will raise the profile of the fishing industry, especially in coastal communities, by promoting awareness and interest in the industry. Training at the secondary school level may get more young people interested in the fishery and lead them into earlier decisions regarding career choices. A review of high school curricula and graduating requirements would be required on the part of the Department of Education to accommodate considerations for these courses, and additional costs for development and delivery could be expected. Industry could be a valuable resource in helping with the development and delivery of such programs. Some funding from industry may be expected to help defray the associated costs of course development and delivery.

2.2. Training and flexible schedules

Context – Education and training has a vital role to play in ensuring the long-term development of the industry. The harvesting sector faces severe demographic challenges and, under current circumstances, will continue to face difficulties in attracting and retaining skilled workers. Efforts must be made to provide incentive and support for young people to enter the fishery in order to ensure its sustainability.

Currently, access to training for fishermen has provided challenges, both in terms of the timing and the location of the training. In addition, the New Brunswick Community College has identified challenges related to the

ability to deliver training opportunities where the demand for or enrollment in courses in specific locations does not justify the cost of delivering those courses. There is a need to ensure that appropriate education and training programs are in place and their uptake is promoted. Education programs must address the need to make training opportunities available and accessible for all those in the industry who could benefit from such training. Training programs must be better designed to meet the needs of the client.

Recommendations:

- a) Facilitate the entry of young people into the industry by providing financing for training programs. Explore mechanisms to tie training programs to the Employment Insurance program.
- b) Improve support and access to professional training, including Marine Emergency Duties (MED) and other marine training, by adjusting the timing of training to the availability of fishermen, providing training in small groups, ensuring training is geared to the learning styles of the participants and by providing adequate financial resources to deliver the programming, including delivery in local settings.

Considerations – Currently, it is perceived that access to funding and support in order to take training programs is, in most cases, limited to those who are on Employment Insurance. Eligibility needs to be expanded, and should be a cooperative effort between the federal and provincial governments to make it easier for potential students to access the training required. Access to financial assistance currently appears to differ from region to region or office to office.

Re-evaluation of how training courses are offered by the Community College will be required. Increased cost of delivering the programs is likely in order to address the issues associated with small enrollments and location. Alternatives such as subsidizing the cost of at least one fulltime qualified Marine instructor at the NBCC St. Andrews, mobile training and online training or video conferencing should be investigated. Advocacy to the federal government to reinstate their prior program of buying seats for EI participants should also be pursued.

The fisheries newsletter proposed later in this report and by the Governance Group could be a valuable tool for advising clients up upcoming training opportunities.

2.3. On-going Training

Context – Future education and training should be affordable and targeted to deck hands and plant workers in addition to fishermen. Training must increase the ability of fishermen to succeed in business, having a significant focus on developing the commercial/business management skills of all industry participants and enhancing the industry's business, sales and marketing expertise.

Recommendation – Expand training opportunities to include a wide spectrum of items related to the fishery, including specific knowledge for the most appropriate use of gear for sustainability, maintenance of the quality of fish, handling technique to improve quality, the safe operation of fishing vessels, regulatory compliance, best practices, business planning and market conditions/dynamics.

Considerations – Fishing is a business. Viability of any fishing enterprise will depend on the ability of the owner to successfully run that business in the most efficient and productive manner possible and sell product in markets that will provide for the highest return on investment. Good business skills must be learned and providing an opportunity for appropriate, relatable training will enhance the incentive for fishermen to seek the necessary training.

Consideration may be given to setting up a Centre of Excellence where expertise already exists through the NBCC St. Andrews Campus and the School of Fisheries in Caraquet. These institutions have already demonstrated an ability to provide high quality and effective training when adequate resources are made available to them. Programs may also be delivered through workshops on fish quality, the factors that affect price, environmental certification, and business planning (i.e. how to stay afloat when the fishery fluctuates, etc.). Possible industry funding partners may include the Canadian Council of Professional Fish Harvesters (CCPFH) or the National Seafood Sector Council.

2.4. Review of fisheries loan programs

Context – Funding available to industry is currently not adequate to address the needs of the industry. It is especially lacking in loans for technological upgrades and quality improvement. Industry is currently discontent with the existing program partly due to the fact that day-to-day expertise of the sector is not present in staff delivering the program in Business New Brunswick.

In order to encourage the next generations to enter the fisheries business, we must ensure they can access financing to facilitate the required investment to do so. Whereas the Fisheries Development Board is currently considered the “lender of last resort”, it is felt that the Province should play a more progressive and supportive role in encouraging fishermen to invest in wise business decisions for the viability of their enterprises. Many investments made by fishermen may carry a certain degree of risk in relation to payback, and the Province must be willing to help mitigate a portion of the risk associated with innovative progress opportunities for the sustainability of the industry.

Access to capital, in many cases, is not sufficient to fund the requirements. The Fisheries Development Board does not provide support for the cost of fishing licences or quotas, which can cost anywhere up to \$3 million. In addition, since the Fisheries Development Board was removed from the

Department of Agriculture, Fisheries and Aquaculture in 2001 and lumped in with all other government funding programs, the special knowledge and consideration of industry concerns has not received adequate consideration given its placement on the internal government list of priorities for funding assistance. The “one-size fits all” perspective adopted in relation to the funding support requirements for the fisheries, while convenient for government to ensure a consistent approach across funding programs, does not necessarily provide the best approach for the fisheries industry in New Brunswick.

Recommendation – The Fisheries Development Board should be returned to the mandate of the Department of Fisheries. In addition, the Department of Fisheries should retain the services of a consultant to review fisheries loan programs to determine more effective programs and the best vehicles for delivery. Inherent in this review should be consideration for whether direct loans or loan guarantees would be more effective.

Considerations – Terms of Reference will be defined in partnership with industry and would include consultation between Business New Brunswick, the Department of Fisheries and financial institutions.

3. STABILITY OF ACCESS

Improving the ability of fisheries enterprises to adjust to changing circumstances, including natural resource fluctuations, changes in market conditions and different approaches to management, would result in increased sustainability and resiliency of the livelihoods gained from those enterprises.

It is currently difficult for those in the industry to get answers to questions being asked in relation to science or research. Basic information on stock dynamics and environmental changes is not being developed and factored into the management of the fishery. More science is also needed in areas such as climate change and how it impacts the stock. New direct approaches to collecting information, such as out of season trap hauls for berried females, etc., are also required. Frequently the reason provided for the lack of scientific evidence is that the funding to take on additional research is not available. More research needs to be carried out, and more input from industry is required to ensure a better alignment between the resources invested and the research priorities of industry.

3.1. Fisheries Management Plans

Context – Fisheries management plans should ensure a sustainable and stable use of the fishing resource. Shorter term plans do not accomplish this purpose. Currently the terms of the fisheries management plans vary according to species anywhere from one to five years. Shorter term plans lend themselves to unpredictability in that they do not 1) provide indications of the longer term outlook; 2) protect against large variations from year to year; or 3) encompass a protective mechanism to ensure replenishment of

adequate levels of stock. This approach may result in an inefficient use of capital by requiring infrastructure for short term peak landings which are usually not sustainable.

Recommendation - Encourage Fisheries and Oceans Canada (DFO) to develop multi-year (five-year) or “evergreen” fisheries management plans (conservation harvest plans) to increase predictability and long planning horizons. Such plans should include research and scientific elements to ensure priorities are established and pursued and should include annual reviews on the state of the resource.

Considerations - Longer term management plans, based upon good, comprehensive science, will provide for more stability of the industry and the ability for fishermen to plan for the long term, reducing risk associated with year-to-year fluctuations.

3.2. Partnerships

Context – The Department of Fisheries and Oceans (DFO) *Commercial Fisheries Licensing Policy for Eastern Canada (1996)* does not currently allow for individual ownership of more than one lobster licence. The current DFO decision on declaration of controlling or trust agreements is seen to jeopardize certain existing partnership arrangements which are viewed as enhancing enterprise viability and limiting effort.

Recommendation – Advocate for the Department of Fisheries and Oceans (DFO) to modify the *Commercial Fisheries Licensing Policy for Eastern Canada* to encourage partnerships between lobster licence holders. While maintaining the owner-operator policy for the inshore fishery, allow one lobster fisherman to acquire up to two licences, where the second licence is fished within the same enterprise utilizing, in total, only 1.5 enterprise trap allocations.

Considerations - Partnerships (two licences on one vessel) will improve efficiencies and are seen as an effort reduction initiative. Discussions on whether a partnership could be subsequently dissolved and returned to two full-trap allocation enterprises would have to be held within each lobster fishing area (LFA).

3.3. Emerging Fisheries Policy

Context – The federal process with respect to developing species in Southwestern New Brunswick has been fluid and inconsistent and has lacked direction. As a result, the acquisition of new species licences is labour intensive and, in many cases, it takes years to move to commercial licence status. Most decisions affecting new fisheries development in New Brunswick are currently made at a distance; greater authority at the area level where issues are more fully understood would be more effective for development in this province.

Without access to new fisheries, fishermen have limited ability to adapt to a changing environment and market. Species distribution will change and provisions are required to allow fishermen to adapt.

Recommendation – The Department of Fisheries should, in cooperation with the Southwest New Brunswick (SWNB) Developing Species Advisory Board and DFO, review the (structure associated with) the *Emerging Fisheries Policy* with the intent of making recommendations for amendment to foster greater enterprise diversity and increased area authority over development and management decisions.

Considerations – The area DFO office should have more influence on New Brunswick decisions. It is expected that an approach more focused on New Brunswick circumstances would result in more success in developing fisheries and new products in New Brunswick.

3.4. Competitive Fisheries

Context – The individual quota (IQ) or individual transferable quota (ITQ) is seen as putting control of the fishery into a limited number of participants, thereby limiting opportunity for others and possibly taking viability out of the community. Although quotas are common in the off-shore, they are not perceived to be effective in the inshore fisheries. A competitive fisheries model is seen as supporting an inshore multi-licence approach.

Recommendation – Fisheries and Oceans Canada (DFO) should maintain inshore competitive fisheries where they are currently in place and not expand beyond existing IQ or ITQ programs.

Considerations – This recommendation supports the status quo, which is felt to present a balanced approach to licensing. The potential for implementation of IQs in most inshore fisheries could lead to increased illegal activities.

3.5. Conservation Management

Context – There is a concern that DFO will implement quotas on the remaining competitive inshore fisheries. There is no support by the Harvesting South Stakeholder Action Group for the expansion of individual quota regimes, as the socio-economic impacts of a change of regime will not be conducive to improved conservation in the inshore fishery.

Recommendation - Encourage Fisheries and Oceans Canada (DFO), through fishery management planning in competitive fisheries, to pursue effort control measures other than quota regimes.

Considerations – Other conservation management measures should be determined in consultation with industry. Some measures that could be considered include, but are not limited to, length of seasons, size restrictions, gear controls, protection of spawning areas and spawning individuals, refuges, etc.

3.6. Coordination of Planning

Context – Currently management plans are most often limited to a single species with management measures related to that species only. In fisheries with multi-licence enterprises, greater coordination between fishing plans is required, as many of the same vessels operate under a variety of plans.

Recommendation – The Department of Fisheries should increase advocacy for greater coordination of multi-species fishing enterprises in the normal course of integrated fisheries management plan renewals. Fisheries and Oceans Canada Advisory Committees should be tasked with reviewing fisheries plans as they are renewed to strengthen the multi-species approach and ensure implications of management measures in one fishery are considered in light of other fisheries and that different plans are coordinated.

Considerations – The potential differences in approach and objectives between single-species and multi-species enterprises may create challenges to reaching agreement. However, the increased stability to enterprises from coordination between the plans for different species is seen as important for their long-term viability.

3.7. Encourage Industry Initiatives

Context – Various incentives could be applied that may promote enhancement and conservation efforts on the part of industry.

Recommendation - DFO and the Department of Fisheries should develop a policy and criteria to encourage and foster industry initiatives that enhance progressive conservation and enhancement efforts from specific sectors. To start, it is recommended that a pilot project be undertaken to test incentives and management measures that could be expanded to other sectors. Specific examples include

- quota adjustments based on habitat impacts of different approaches or fishing methods/gear types; and
- exclusive or limited access to specific areas based on participation in enhancement or conservation practices.

Considerations – Increased efforts would result in long-term sustainability of the fishery, the potential for market benefits and stronger organizations.

4. MARINE USAGE CONFLICT

Industrial marine development is recognized as one of the biggest challenges to the commercial fishery. Competition for marine space exists among fisheries users as well as with other users of the marine space, including aquaculture, LNG, commercial shipping, eco-system disruptions, eco-tourism and potentially tidal power. Although fisheries interests are consulted on some of these issues, their influence is not necessarily proportional to the economic and social importance the fisheries represent in our communities. The current practice of consultation is not sufficient to ensure that fisheries concerns are addressed, especially as they relate to the approval of aquaculture sites and new industrial developments such as liquid natural gas (LNG).

4.1. Competition for marine space

Context – Mechanisms are required to mediate between fisheries and other marine industries and to increase the influence of the fisheries sector in marine space planning decisions in proportion to the economic and social importance of the sector to our communities. The Southwest New Brunswick Marine Resources Planning Initiative provides an expanded forum to discuss a wide range of marine activities and the impacts they have on each other. This is an important initiative and requires continued support.

Recommendations:

- a) The Department of Fisheries should be the champion of the fisheries interests in issues such as aquaculture, LNG, shipping and tidal power.
- b) Government should establish a marine planning initiative for the Saint John Harbour area similar to that in the Bay of Fundy.

Considerations – The Saint John Harbour is under the auspice of the Saint John Port Authority whose interest is in port development. The Authority should be approached in light of this recommendation.

4.2. Gear Conflict

Context - Mechanisms are required to mediate between competing fisheries sectors.

Recommendation - The Department of Fisheries should take a leadership role by ensuring that direct meetings to plan development take place between fisheries groups competing for marine space, such as weir/seiner issues and lobster/dragger/aquaculture issues, with particular attention to increasing collaboration between the mid-shore and inshore sectors. This model should be expanded to other competitive situations.

Considerations – This could be addressed through the Regional Round Tables recommended in the Governance Report.

4.3. Impact of aquaculture

Context - The Bay of Fundy is the most concentrated area for aquaculture sites in the world, and the Harvesting South Stakeholder Action Group does not believe there are any more viable opportunities for expanding aquaculture in Charlotte County. There is concern that aquaculture in the Bay has already reached its saturation point, and that this is not taken into account when considering new applications for aquaculture sites.

Adversarial confrontations within communities occur due to the fact that consultations between the aquaculture proponents and the fisheries sector have historically taken place too far along in the process, once significant investment has already taken place.

Recommendations:

- a) Charlotte County has reached saturation and no new aquaculture sites should be approved in that area.
- b) As part of the application process for aquaculture sites, proponents should be required to demonstrate that meaningful consultation has taken place with the fisheries with respect to the planned aquaculture operation prior to submission of the application, and the application should include the feedback from the fisheries regarding the planned aquaculture operations.
- c) The approval process for marine aquaculture sites should include mitigation of identified fisheries impacts arrived at in consultation with industry as a consideration of the impact of the application on fisheries.
- d) Applications should be reviewed on an area basis rather than a one-off basis, as is currently the case.

4.4. Long-term planning

Context – Along with the feeling that the saturation point for aquaculture in Charlotte County has already been reached, there does not appear to be a long-term plan in relation to marine use in the Bay.

Recommendation – The Department of Fisheries and Fisheries and Oceans Canada (DFO), in consultation with industry, should prepare a long-term plan for potential further development of the Bay of Fundy.

Considerations – The importance of the traditional fishery and the potential impacts on, and further displacement of, the traditional fishery have to be considered in the course of this planning.

4.5. Promotion of fisheries

Context – It is generally agreed that the realities of the fisheries industry and its socio-economic impact are not very well understood by the general public.

Recommendation – The Department of Fisheries should take responsibility to promote and inform the general population on the importance of the fisheries sector to communities.

Considerations – The Canadian Council of Fisheries and Aquaculture Ministers (CCFAM) and the Atlantic Council of Fisheries and Aquaculture Ministers (ACFAM) could also play a key role in this endeavour.

5. APPROACH TO MANAGEMENT

More meaningful industry participation in management of the industry would improve the working relationship between industry and governments in the Bay of Fundy. It is important that the Minister of Fisheries take a lead role in ensuring that mechanisms and associations are in place to ensure appropriate consultations take place prior to major fisheries decisions being made by the Department of Fisheries and Fisheries and Oceans Canada.

5.1. Multi-Licence Approach

Context – A multi-licence approach to fishing allows harvesters to take advantage of the cyclical nature of the fisheries resources and markets while maximizing utilization of boats for fishing of various species at different times. This is an efficiency that is required for the viability of many inshore fishing enterprises.

Recommendation – Maintain and foster the multi-licence approach for inshore fisheries where it is currently implemented as part of a long-term approach to viability that recognizes the cyclical nature of the fisheries resource and markets.

Considerations – This approach allows flexibility which is seen to promote viability of fishing enterprises. There can be overlap with various fisheries which may add complexity to sector management.

5.2. Co-management

Context – Co-management arrangements between harvesters and Fisheries and Oceans Canada exist for some species and describe how harvesting will be carried out. They normally include clear definitions of responsibility and authority of the parties, and are supported by both inshore and offshore fisheries.

Recommendation – Ensure the authority is implemented to allow for legally-binding “co-management” agreements between government and industry

where there is a clear matrix and balance between responsibility and authority.

Considerations - The Department of Fisheries should support amendments to the Canada *Fisheries Act* that would facilitate co-management agreements. Over and above the legal framework, improvements in sharing responsibility and authority between government and industry are required to obtain the full potential from co-management.

5.3. Information on food safety

Context – Too often we hear of the impacts of people eating and getting sick from clams that were dug in unsafe beds. Monitoring and enforcement to ensure people are digging only in safe areas is a constant challenge and resources are not always available to ensure this. It is critical that reliable, up-to-date and easily accessible information is available on an ongoing basis to clam diggers, especially recreational, to ensure food safety.

Recommendation – DFO should implement a kiosk-based recreational clam fishery information system to provide up-to-date information relating to food safety issues.

Considerations - This kind of system would be open 24 hours per day and would advise on those areas that are open and safe for digging. The onus would remain on the individual to access the system for up-to-date information. Currently industry is awaiting DFO implementation of an internet-based mapping system that would delineate open and closed areas.

6. INFRASTRUCTURE

Wharves in New Brunswick are getting to the end of their expected lives and require upgrading. This comes about for a number of reasons, including:

- there are a high number of new boats putting increased pressure on existing wharves, not only from the fishing industry but also as a result of increased aquaculture, tourism (tour boats, whale-watching), the Marshall Decision implementation and development of the rockweed industry;
- newer boats are much larger than those the wharves were originally designed for; many wharves have load restrictions that limit the size of vehicles that can be accommodated;
- the capacity of wharves is proving to be insufficient to meet the increase in demand for wharf space; and
- marine infrastructure costs are significantly higher in the Bay of Fundy area because of the extremes in tides and geology.

6.1. Repair and renewal of wharves

Context – The bottom line is that fishermen need to have a safe place to load, unload and leave their boats at the end of the day, and the space available for this purpose, as well as the capacity for the wharves to accommodate these boats, is compromised. There is a high cost to improving the infrastructure and funding needs to be planned to accommodate this.

Recommendation – Fisheries and Oceans Canada (DFO) should allocate additional funding for repair/renewal of the wharf infrastructure in New Brunswick, with a focus on Southwestern New Brunswick. A collaborative approach between appropriate agencies of the federal government should be undertaken.

Considerations – Significant funding is required, whether it be from Fisheries and Oceans Canada or in collaboration with the Atlantic Canada Opportunities Agency or other agencies.

7. PRODUCT SALES AND MARKET INTELLIGENCE

There is a necessity to increase communications and improve the understanding of market forces among harvesting, processing and marketing sectors of the fishery.

7.1. Newsletter

Context – The Harvesting South Stakeholder Action Group recognizes that there is a need to improve the flow of information among the various industry stakeholders.

Recommendation – The Department of Fisheries and industry, in partnership, should publish a province-wide quarterly newsletter on the different fisheries in New Brunswick, including such items as bulletins on markets, training opportunities, tendencies and the impacts of globalization on marine producers.

Considerations – A more informed industry should enhance the levels of cooperation among the sectors as a result of better understanding of different perspectives. Adequate financial resources will need to be allocated to the Department of Fisheries to coordinate this effort. Opportunities for advertising to help cover the cost of the publication could also be explored.

7.2. Website

Context – It is felt that the present Department of Fisheries website does not meet the needs of the industry in the provision of needed information.

Recommendation – The Department of Fisheries should improve the information available on its website and make it more user friendly. A review of other province's websites and consultation with industry should be carried out to determine content options that would be of use to industry.

Considerations – Perhaps there is an opportunity for government regulators, educators and the private sector to collaborate on this as an information portal. The proposed newsletter would be one important source of information to be included in the website. Enhanced availability of information will provide for a more informed industry as a whole.

7.3. Discussion Forum

Context – The Harvesting South Stakeholder Action Group, as well as other Stakeholder Action Groups, has recognized the need for more opportunity for consultation among the various key players in the industry. This matter was also raised at the Fisheries Summit and was part of the reason for the creation of the Governance Stakeholder Action Group.

Recommendation – It is recommended to governments and industry, that a forum be created for dialogue among fishermen, buyers and processors (similar to the Nova Scotia Minister's Round Table). This recommendation is contained in the recommendation on Regional Round Tables in the Governance Report.

Considerations – The Harvesting South Stakeholder Action Group supports the recommendation of the Governance Stakeholder Action Group towards the creation of two Regional Round Tables to suit this purpose.

8. OVERCAPACITY/VIABILITY

The Harvesting South Stakeholder Action Group does not feel there is currently an overcapacity issue within the Southwest fishery. However, over-capitalization is a potential issue and may soon require specific or definitive action. It is felt that the increasing cost associated with building larger boats, resulting in large capital debt, as well as increasing licensing and operating costs, may have a negative impact on the viability of enterprises in the future. There may be opportunity to increase operational efficiencies and reduce operating costs through the adoption and use of green technologies, thereby improving the viability of fishing enterprises. Past studies or new research and development may highlight incentives for pursuing this avenue.

9. QUALITY

Improve the quality of fish being delivered to the wharves.

9.1. Handling Techniques

Context – In order to meet the demands of customers, higher quality is more and more in demand. In order to achieve higher quality, investment in both upgraded equipment and education in handling techniques is required on the part of the harvesters, buyers and processors. This investment is only likely to be made if they can be assured that a higher price for their product will be realized.

Recommendation - Provide education programs on improved handling techniques to improve the quality of fish products on the wharf. (See also Demographics, Recruitment and Training)

Considerations – Improved quality should lead to better price. The question is whether the investment would prove to be worthwhile. Education in improved handling techniques would best be delivered as a component of the on-going training mentioned earlier.

REPORT OF THE
HARVESTING-EAST STAKEHOLDER ACTION GROUP

PRESENTED TO
THE NB MINISTER OF FISHERIES
AND
THE MINISTER OF FISHERIES AND OCEANS CANADA

SEPTEMBER 30, 2007

To:

The Hon. Rick Doucet
New Brunswick Minister of Fisheries

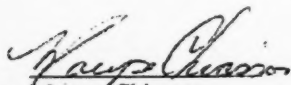
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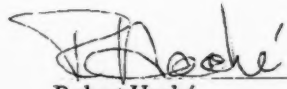
The Hon. Loyola Hearn
Minister of Fisheries and Oceans Canada

Ministers,

We have been honoured to be invited to participate in the Stakeholder Action Group on Harvesting - East and submit the following report for your consideration.

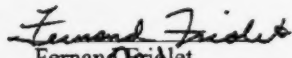
Respectfully submitted,


Maryse Chiasson

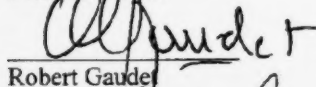

Robert Haché

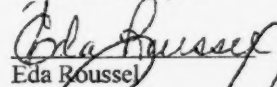
Reginald Comeau

Paul-Aimé Mallet

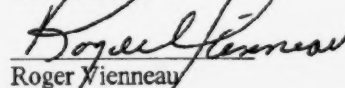

Fernand Fiset

Emmanuel Moyen


Robert Gaudet


Eda Roussel


Gastien Godin


Roger Yienneau

INTRODUCTION

The members of the Stakeholder Action Group on Harvesting-East wish to emphasize the importance of this consultation initiated by the Department of Fisheries and the Department of Fisheries and Oceans. The two levels of government have the responsibility to develop and promote the commercial fisheries sector in New Brunswick and to promote and foster discussion among stakeholders.

Notwithstanding the positive results achieved to date, we would like to mention that it would have been preferable to offer associations the opportunity to choose the most appropriate persons to sit on this committee.

This exercise enabled stakeholders from different sectors of the industry to exchange views in a friendly atmosphere.

The Fisheries Summit identified a number of challenges and issues associated with the renewal of the New Brunswick fishing industry. The key issues relate to the following needs: greater stability of resource access, a review of overcapacity in the processing and harvesting sectors, human resource planning in the processing and harvesting sectors, and a stronger market focus.

In this report, the Stakeholder Action Group on Harvesting-East has grouped its recommendations into three sections. The first deals with management approach. The second has to do with market development and quality improvement. Finally, the last section covers issues related to demographics, succession, and training.

1. MANAGEMENT APPROACH

The Harvesting-East Stakeholder action group believes that any long-term vision of the sustainability of the commercial fisheries sector of New Brunswick depends as much on the adjacency of its fishermen to the coastal resources, as it does on its historical shares of resources acquired and negotiated by specialized fishermen. This applies in particular to the harvest of crab, shrimp, herring, ground fish, Atlantic halibut and tuna. *The Maritime Fishermen's Union representative makes the point of specifying that the coastal fishermen also negotiated and obtained historical shares.*

Our action group believes that the New Brunswick Fisheries Renewal Framework should prioritize the long-term viability of the New Brunswick's harvest sector by encouraging the establishment of measures to support a better balance between the capacity of fishing and the resources available. The action group notes that the principal commercial fisheries of New Brunswick are presently fished to capacity or in a state of overcapacity.

The MFU representative does not agree with the last part of this statement which indicates that the principal commercial fisheries of New Brunswick are fished to capacity or in a state of overcapacity. According to the MFU not all fisheries are in this state.

The Action group also wishes to outline that the New Brunswick Fisheries Renewal Framework should encourage the Department of Fisheries and Oceans (DFO) to launch the Phase II of the Policy Framework for the Management of Fisheries on the Canada's Atlantic Coast and prioritize a framework governing the granting of new accesses to commercial fisheries.

1.1 Overcapacity in harvesting

Context

The viability of certain fleet, requires that rationalization mechanisms be put in place to balance harvesting capacity with the availability of resources.

Recommendations

- a) It is recommended by the entire committee that both levels of government establish government run programs for the rationalization of fleets in need of it, starting with the lobster fishermen. In following this initiative, we must ensure that the midshore fleets that have already undergone rationalization (crabbers, shrimpers, seiners, groundfish) are not penalized by the rationalization among the other fleets.

The MFU representative does not support the last sentence of this recommendation as they see a risk of losing some assets.

- b) It is recommended that the historic shares of traditional fishermen and traditional fleets be protected within a profitability threshold (to be defined), above which complementary or temporary access may be granted while respecting New Brunswick's historic shares.

The representative for the Maritime Fishermen's Union does not agree with this recommendation. The MFU sees in such a recommendation, the threat to lose assets.

- c) It is recommended not to permanently transferred quotas from one fleet to another without the agreement from all fleet since, in the long term that weakens both sectors.

The representative for the Maritime Fishermen's Union did not agree with this recommendation.

- d) It is recommended that new licences not be issued in a fishery that is already at capacity.

The Maritime Fishermen's Union representative did not agree with this recommendation.

- e) It is recommended to distribute the additional resources, which are not fished to capacity to the fleets in greatest need.

- f) It is recommended that both levels of government encourage stocking projects in areas where the known technique can promote an increase in the biomass of commercial fish and shellfish.

- g) It is recommended that the development of new species be promoted in order to diversify the fisheries.

Considerations

The mid-shore fleet agrees with a temporary transfer of the resource when the biomass allows it and that the profitability of the traditional fleet is not threatened.

According to the Maritime Fishermen's Union representative, it is essential to maintain the acquired quotas and transfers. For this reason, the MFU does not support the recommendations aimed at limiting the transfer of the resource allocations.

The new fisheries offer potential for diversification but require costly R&D activities and involve high risks for investors. It is therefore important to ensure security of access for those who invest.

1.2 Viability (sustainability)

Context

Fluctuations in landed values and volumes create insecurity for many fishing enterprises and may destabilize the entire industry, including plant workers. In these difficult situations, operating costs become additional constraints on enterprise viability. These enterprises need mechanisms to help them cope with these fluctuations. It has become essential for DFO to spell out the resource allocation criteria in order to make them clearer, more consistent, and more stable.

Recommendations:

- a) We therefore ask DFO to modify the cost of user fees in order to take fleet profitability into account and permit greater flexibility.
- b) It is recommended by the majority of the Group's members that resource allocations be granted only to fishing enterprises or, alternatively, that the criteria for allocations granted to groups other than fishing enterprises be clarified.
The representative of the traditional crabbers does not agree with the second part of this recommendation.
- c) It is therefore recommended that the recipients of allocations be required to fish their quotas themselves and that "royalty" fisheries not be supported.
The MFU representative noted this recommendation should also include the fishermen group.
- d) We recommend that the multi-species approach not be used to manage N.B.'s specialized midshore fisheries, unless those fisheries make such a request. However, it is recommended to maintain the multi species approach for the bonafidés fishermen and the others.
- e) It is recommended that DFO ensure an appropriate scientific fish biomass inventory.

Considerations

In the committee's view, an evaluation of the fleets' profitability is necessary in order to determine the appropriate user fees.

It was also proposed that allocations of snow crab quotas be permitted for crab plant workers. Although it is recognized that plant workers require assistance, this runs counter to the recommendation that resource allocations be granted first and foremost to fishing enterprises.

The members of the Stakeholder Action Group are particularly opposed to the granting of quotas to finance the operations of organizations on Prince Edward Island, Nova Scotia and New Brunswick.

1.3 Stability of Access

Context

Several reasons cause instability in the access to the resource. The ignoring of the co-management agreements signed between the mid-shore fleet and DFO, the incapacity of certain fleet to catch their quotas because of non respect of the Fish Plans by certain jurisdictions, the misperceptions concerning gear conflicts and the non compliance by DFO of the QI/QIT programs are the principal ones.

Recommendations:

- a) It is recommended by the midshore fleets that DFO abide by the existing IQ/TIQ individual quota programs negotiated with DFO since the late 1980s.
- b) It is recommended that the traditional fleets be allowed access to their resource during the periods and in the areas most favourable for their fishery.
- c) Given the fact that the access by seiners to the herring resource and to their traditional areas is an urgent matter of survival for this fishery, it is essential that seiners be given back their legitimate right to fish the allocation granted and to have access to their traditional fishing areas under the most advantageous conditions for their fishery. It is strongly recommended that DFO end its excessive regulation of the N.B. seiner fleet.

The MFU representative does not support this recommendation since it does not include that the seiners must have access to their traditional territories of fishing while protecting the funds from lobsters and the agreed to quotas caps in the Bay of Chaleurs.

- d) We recommend that DFO encourage dialogue and collaboration among the stakeholders in order to promote an appropriate pace of supplies of snow crab for the plants.
- e) We ask the Department of Fisheries, in cooperation with DFO, to continue its efforts aimed at correcting misperceptions concerning gear conflicts.

2. MARKETS AND QUALITY

The quality of finished products, whether for food or the development of new bio-products, depends on each of the links in the production chain, from harvesting to marketing. Greater awareness among all of the stakeholders is essential in order to promote product development in response to market demand.

2.1 Market Development

Context

Generally speaking, fishermen know very little about markets. It has become necessary to ensure improved market knowledge for both processors and fishermen. Dialogue and collaboration among all of the stakeholders is essential.

Recommendations:

We recommend that the Department of Fisheries implement a long-term information exchange strategy by:

- publishing newsletters on market trends and the impact of globalization on the sale of marine products;
- encouraging dialogue between fishermen, processors, and buyers in order to identify new markets and to ensure the expansion of the existing markets;
- encouraging the participation of fishermen in international exchanges and market development missions,
- asking the Department of Post-Secondary Education, Training and Labour (PSETL) to offer courses or presentations to fishermen through the School of Fisheries in order to present market dynamics in plain language; and
- helping the industry to enrol in certification programs.

Consideration –

The Department of Fisheries will need additional resources to deliver these actions.

2.2 New Bio Products Development

Context

We are witnessing a major trend worldwide toward investing in marine biotechnologies and seeking optimum use of marine resources. It is estimated that there are more than 58,000 tonnes of co-products (waste or products that cannot be marketed for food) in New Brunswick. Most of these are processed into compost and fish meal. The use of co-products, often rich in bioactive molecules with unique properties (antimicrobial, anti-cancer), offers commercial potential that should be developed.

Recommendation

We recommend that the governments increase their support to industry R&D initiatives aimed at developing new bio-products in response to market demands through value added initiatives for plant effluents, the wastes and marine by-products.

Considerations

Since the development of new bio-products is a new activity for the industry, DOF must devise a strategy for this sector and invest the necessary funds.

In carrying out this initiative, optimum use of marine products such as omega 3 and by-products should be targeted.

2.3 Quality Improvement

Context

Improving quality is a challenge that concerns all industry stakeholders. Currently, there are no financial incentives for quality. Furthermore, there are situations where the price fishermen are paid for products of lesser quality is similar to that normally received for a product of superior quality.

The Stakeholder Action Group on Harvesting - East believes there is a great lack of promotion for quality products, and an increased need for training.

Recommendations

It is recommended that the Department of Fisheries and DFO undertake the following initiatives aimed at improving product quality:

- undertake a campaign to promote awareness of the importance of quality among all stakeholders;
- encourage the establishment of a quality control system at the landing and processing stages in cooperation with the processing industry and fishermen;
- encourage processors to offer quality bonuses for landed product;
- encourage the carrying out of research by the Coastal Zones Research Institute and the New Brunswick Community College (School of Fisheries) aimed at evaluating harvesting and at-sea product handling methods in order to improve quality;
- develop an information document on the production chain from sea to plate in order to demonstrate the value of products at different stages of production and the contribution of each stakeholder in the chain; and
- promote dialogue between fishermen and processors in order to balance the pace of landings with plant capacity.

Consideration

The Department of Fisheries and DFO will require more financial and human resources to deliver these actions.

2.4 DFO Management Plans Adapted to the Market

Context

At present, DFO's management plans do not take the market into account. Such an approach does not promote product development or quality based on market requirements.

Recommendation

We recommend that DFO draw up management plans that incorporate market requirements and realities.

Considerations

DFO might require additional resources to track market conditions in order to adapt its management method. Collaboration with Agriculture and Agri-Food Canada would be desirable.

If DFO really wishes to pursue a sea-to-plate policy, it will have to implement this action immediately.

The Department of Fisheries could be consulted in this initiative given its responsibility in terms of marketing.

2.5 Port Infrastructures

Context

The new quality standards required by the markets and by certification agencies will require changes in port infrastructures to meet these new needs.

Recommendation

We recommend that DFO ensure port infrastructures are adequate in order to ensure product quality by appropriate handling methods and mechanisms.

Consideration

A financial support program for port infrastructure committees will have to be considered.

3. DEMOGRAPHICS, SUCCESSION AND TRAINING

Given the aging population and lack of interest on the part of young people, the fishing industry is facing major challenges in terms of succession. This problem is accentuated by the attraction of better paying jobs in urban centres in New Brunswick and elsewhere.

The industry has to adapt to this reality by offering competitive working conditions. Government must participate in training and promotion relating to marine trades.

3.1 Funding

Context

The funding available through the Fishermen's Loan Board is not adapted to the fishing industry's needs. The Board is considered a place of last resort, and there are no adapted funding programs to encourage succession.

The industry cannot continue to invest and innovate without the provincial government's support. In fact, the lack of support from banks and certain funding agencies (ACOA) for the primary sector is a major problem that curtails private-sector investment and discourages young people from taking up the trade.

Ever since the Fishermen's Loan Board was taken away from the Department of Fisheries in 2001 and incorporated into other funding programs, the industry has not been well served. As a result of that transfer, knowledge of the challenges associated with the industry declined, which meant that the fisheries sector has taken a back seat when it comes to the list of government funding priorities.

Recommendations

- a) It is recommended that the funding capacity of the Department of Fisheries be restored by returning the Fishermen's Loan Board, among others, to it.
- b) It is recommended that an exhaustive study of the industry's funding needs will have to be conducted in order to determine the best programs to be put in place

Consideration

That study will have to determine, in consultation with the departments and funding agencies, the best way to deliver these funding programs.

3.2 Training

Context

Training is essential in succession planning for fisheries workers. In the past, the training offered by the School of Fisheries for plant workers, deckhands, and captain contributed greatly to improving harvesting efficiency and product quality. However, in certain situations, wages did not keep pace with the level of training. Recognition of the professionalization of fisheries workers is still an issue.

Recommendations :

- a) We recommend that the Department of Fisheries coordinate, in cooperation with the other departments and agencies, the establishment of a provincial succession support program aimed at
 - improving the wages and working conditions of deckhands and plant employees,
 - establishing a pension plan for fisheries workers (from fishermen to plant employees),
 - encouraging the professionalization of fishermen and deckhands, such that all fishermen take training courses offered by the School of Fisheries,
 - asking the Canadian Council of Fisheries and Aquaculture Ministers to undertake a campaign to promote the professions of fisherman and plant worker, and
 - ensuring, in cooperation with DFO, that port and naval infrastructures are more adequate in order to encourage new local investments in fisheries.
- b) We recommend that the Department of Fisheries, in partnership with post-secondary educational institutions and the industry, develop and fund training programs adapted to the industry's needs in the following sectors:
 - handling of fish and the effective use of fishing gear (responsible fishing),
 - popularization of scientific language relating to resource management, and
 - marine safety training.
- c) We recommend that the School of Fisheries regain its role of leadership and its position as a hub for fishermen.

Consideration

Delivery of these programs will require additional financial and human resources in the departments concerned.

3.3 Employment Insurance

Context –

The changes made to employment insurance in the 1990s had a considerable impact on the program's accessibility and also considerably reduced the income of seasonal workers in the fisheries sector. Owing to those changes, each year many seasonal workers face a "black hole" for a period of about one month without any source of income.

Recommendation

We ask that the Department of Fisheries and PSETL set up a committee with industry stakeholders (harvesting, processing, plant workers, and crew members) with a view to seeking adaptation of the employment insurance program to seasonal work.

Consideration

This committee should be set up as soon as possible in order to prepare representations to the federal government.

3.4 Transport Canada

Context

The new requirements by the Department of Transport regarding maritime safety will require considerable investments by the boats owner. The fishermen are very worried by the costs generated by these new boat stability requirements. It is anticipated that a majority of fishermen will not be able to conform to these new requirements without governmental help.

Recommendation

In anticipation of the new requirements of Canada transport, we recommend that the departments help industry to conform to these new requirements.

REPORT OF THE
PROCESSING STAKEHOLDER ACTION GROUP

PRESENTED TO
THE NB MINISTER OF FISHERIES
AND
THE MINISTER OF FISHERIES AND OCEANS CANADA

SEPTEMBER 30, 2007

To:

The Honourable Rick Doucet
New Brunswick Minister of Fisheries

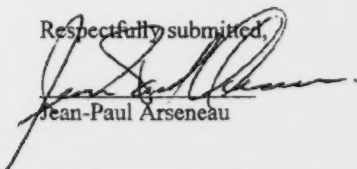
And

The Honourable Loyola Hearn
Minister of Fisheries and Oceans Canada

Ministers,

We have been honoured to be invited to participate in the Processing Stakeholder Action Group and submit the following report for your consideration.

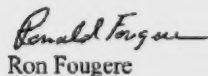
Respectfully submitted,



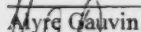
Jean-Paul Arseneau

Christian Brun

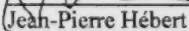
Ross Butler



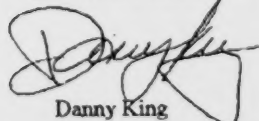
Ron Fougere



Myre Gauvin



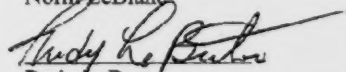
Jean-Pierre Hébert



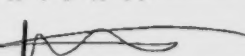
Danny King



Norm LeBlanc

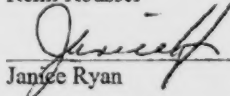


Rachael Ritchie



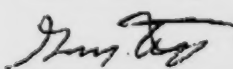
Rachael Ritchie

Rémi Roussel



Janice Ryan

Klaus Sonnenburg



Gary White

PROCESSING

INTRODUCTION

There are 128 licensed fish processing operations in New Brunswick with employment levels equivalent to more than 5,000 full time jobs, although employment is actually 12,000 jobs on a seasonal basis. As a result, the sector has a major socio-economic impact on the coastal communities of the Province.

The seafood processing industry produces \$1.1 billion worth of products per year. In 2005, total exports were estimated at \$832 million.

The seafood processing industry in New Brunswick prides itself of having traditionally been able to adapt to market needs and producing quality products. The industry is also well diversified into a number of species.

The industry today is confronted with a number of challenges. Consumers have different needs and expectations. However, there is tremendous opportunity for development within the industry.

The following report will highlight recommendations to industry and governments in order to respond, in a coordinated manner, to priority issues and challenges.

The recommendations are presented under the following themes:

- Managing capacity
- Financial assistance from governments
- Political decisions
- Interprovincial coordination
- Licensing decisions
- Stability of supply
- Dockside monitoring and movement of fish
- Provincial fisheries resources
- Improved harvester-processor relationships
- Human resources
- Technology

1. MANAGING CAPACITY

Context - It is generally accepted, that there are situations of imbalance between plant capacity and landings in the fish processing industry of New Brunswick. Production capacity is matched to peak landings leaving plants underutilized for much of the year. Harvesting and processing must work together. New Brunswick plants have the ability to process the current landings available. New Brunswick also distinguishes itself by its ability to obtain raw materials from outside of the province and the country.

Recommendations:

- a) It is recommended that the Department of Fisheries institute a moratorium on licensing new plants and retire licenses from plants after a determined period of inactivity.
- b) It is recommended that the Department of Fisheries withdraw unused species endorsements in order to provide the opportunity for expansion within other facilities adapting to emerging market and resource opportunities.
- c) It is recommended that DFO and the Department of Fisheries adopt methods by which we can harmonize landings to the present provincial processing capacity.

Considerations –

In pursuing these actions, governments must be mindful of the need for increased levels of supply to existing operations in order to achieve viability.

It is generally agreed that the issue of management of capacity is more problematic on the east coast of New Brunswick than in the Bay of Fundy.

In pursuing this action, the Government should be mindful of the need to define the period of inactivity, and to maintain some degree of flexibility in the implementation.

It is understood that this measure applies to primary processing and not to second level processing.

It is also understood that this recommendation should be implemented in association with recommendation # 3 below which deals with the establishment of an appeal board in lieu of appeals being heard by the Minister.

2. FINANCIAL ASSISTANCE FROM GOVERNMENTS

Context - It is generally recognized that direct government financial assistance to processing companies is not appropriate and is seen as unfair to other viable enterprises.

Recommendations:

- a) It is recommended that both levels of government provide programs and services to the processing industry mostly in support of marketing, trade, research and development, product development, value-added initiatives, training and technology transfer, and avoid financial assistance packages in support of operations that are not viable.
- b) It is recommended to the Government of New Brunswick that an investigation be carried out on subsidies to processing companies in other Atlantic jurisdictions, and to develop a suitable approach in response to this unfair competition in consultation with the NB industry.
- c) It is recommended that both the Department of Fisheries and DFO engage in inter-jurisdictional discussions with a view to harmonize processing sector subsidies that restore competition for raw material.
- d) It is recommended, should governments provide processing subsidies, they ensure that all stakeholders have equal access to subsidy programs.

Considerations –

It is the considered opinion of the Action Group that the current policy of not providing financial assistance for primary processing be maintained. However, support for achieving technological advancement should be maintained.

It is also important that every effort be made to ensure that NB companies are competitive with enterprises in other jurisdictions with regard to Government grants.

It is recognized that it will be a challenge to identify the various types of subsidies in other jurisdictions, as they are often hidden. It may be necessary to include IGA in inter-jurisdictional discussions on the Agreement on Internal Trade (AIT).

3. POLITICAL DECISIONS

Context - It is generally accepted that appeals of licensing decisions should not be the purview of the Department of Fisheries

Recommendation - It is recommended that, to reduce political interference, the Government of New Brunswick implement a transparent provincial Licensing Appeals Committee to hear appeals and make resulting final decisions on these appeals within a clear policy framework

Considerations - The current process of having appeals heard by the Minister should be changed in favor of a Licensing Appeals Committee.

In pursuing this recommendation, the Government should also be mindful of a more transparent process and the need for some kind of public consultation and information.

4. INTERPROVINCIAL COORDINATION

Context - The Maritime Provinces are often promoting similar developments in seafood processing. In some cases, subsidies in one province will place operators in another province in an unfair disadvantage.

Recommendation - It is recommended that the Department of Fisheries initiate an inter-provincial dialogue with a view to prevent provinces from undercutting each other's development efforts.

Considerations - This initiative should be extended to include Quebec and Newfoundland whenever possible.

5. LICENSING DECISIONS

Context - There are a number of labour issues in various regions of the Province. In the northeast, fish plant workers are often unable to gain sufficient employment to qualify for employment insurance. In other regions, there are labour shortages that substantially affect seafood processing.

Recommendation - It is recommended that the full spectrum of the employment impacts be considered in any licensing decision.

Considerations - This matter should be mostly addressed by the Registrar within the Department of Fisheries.

6. STABILITY OF SUPPLY

Context - A prerequisite to attaining viability is to ensure a level playing field in access to raw material supply. Fair competition for fish and reduction in disloyal business practices are objectives that should be pursued.

Recommendations:

- a) It is recommended the *Seafood Processing Act* legislation that requires buyers of fish to be endorsed by processing license holders be proclaimed.
- b) It is recommended that DFO licensing policies be revisited to address the lack of security of supply encountered by processors in sourcing raw material.

Considerations – The provisions of the *Seafood Processing Act* relating to purchasing are seen as being a positive step in improving the security of access processors have to raw material. There does, however, remain a certain level of concern among harvesters that these provisions will not provide the hoped for benefits and may disadvantage harvesters in the price they obtain for their landings.

Before the *Seafood Processing Act* is proclaimed, it will be important to identify and resolve any loopholes, to prevent companies external to New Brunswick purchasing in New Brunswick, on an unequal basis and shipping to outside processors.

Security of supply and the current exclusion of processors from holding any form of access or allocation of fish, along with the difficulty in establishing a stable supply relationship between harvesters and processors, were highlighted as important weaknesses of current processing operations. The Stakeholder Action Group unanimously recognized the need for an improved supply relationship, but could not agree on specific changes to policy that would increase supply stability without compromising the independence of fleet policy.

Although the Stakeholders Action Group discussed many different potential approaches to improving the situation, it was not able to arrive at more detailed proposals addressing the security of supply through DFO licensing. The Stakeholder Action Group recommends that efforts continue to explore supply arrangement models in place in other jurisdictions in an effort to address this situation.

It is understood that stability of supply is not as problematic in southwest New Brunswick.

7. DOCKSIDE MONITORING AND MOVEMENT OF FISH

Context - There is growing concern regarding inadequate landings reporting and illegitimate business practices. The following recommendations apply in part to DFO and in part to the Department of Fisheries.

Recommendations:

- a) It is recommended that export/import and purchasing of fish regulatory provisions reflect system reciprocity with other jurisdictions, providing other jurisdiction purchasers with access to New Brunswick fish on the same basis as those jurisdictions provide New Brunswick purchasers with access to fish landed in their jurisdiction.
- b) It is recommended that the dock-side monitoring programs be expanded to include all commercially important commercial landings in an effort to improve the knowledge available on resource conservation and increase the transparency in commercial transactions.
- c) It is recommended that an export registration/permit system be implemented for all non-processed fish exported from the province.
- d) It is recommended that the fee structure for purchasing licences and processing licences be amended to substantially increase the purchaser license fee and reduce the processing license fee to result in a more balanced and equitable schedule of fees at the purchasing level.

Considerations – Implementing a more comprehensive dock-side monitoring program will increase the knowledge of what is being landed, improve the framework for possible traceability measures expected in the near future and improve the information base for improved conservation.

On the other hand, dock-side monitoring is funded by industry and will increase the costs to either harvesters, processors or a combination of both. There are also logistical considerations of expanding dock-side monitoring to ensure landings and delivery to markets are not delayed and that quality is maintained.

8. PROVINCIAL FISHERIES RESOURCES

Context - It is important to ensure that New Brunswick processing operations maintain access to provincial historical shares of the fisheries resource.

Recommendations:

- a) It is recommended that every effort be made by both governments to return NB historical shares to provincial stakeholders.
- b) It is recommended that governments and industry be encouraged to invest in further science and enhancement initiatives to improve the management of the fishery and increase the quantity of fish and seafood available to industry, including improved close monitoring of landings information.
- c) It is recommended that DFO implement licensing requirements that New Brunswick crab boats land their fish in NB ports.

Considerations - New Brunswick is the only province that has not gained additional access in the past 15 years and has lost traditional resources. Other provinces rely on proximity while New Brunswick needs to rely on historic participation and equity.

New Brunswick's industry is seeing an ever greater share of its historical access diverted to harvesters in other jurisdictions. New Brunswick enterprises are at a disadvantage as they must compete with enterprises receiving public funding in other jurisdictions. New Brunswick industry is confident it can compete with enterprises anywhere in the world when all are operating on a level playing field, but measures must be taken to ensure that level playing field is re-established.

9. IMPROVED HARVESTER-PROCESSOR RELATIONSHIPS

Context - The long-term stability of both processing and harvesting enterprises requires a closer and more stable working relationship between the two sectors.

It will be important to favor approaches that will lead to pricing and supply arrangements that are put into place before fishing starts and that remain stable over the fishing season.

One of the approaches may be to provide a framework for investors to initiate an auction system for the sale of targeted species.

The Processing Stakeholder Action Group struggled with this issue, but in the final analysis, concluded that more time was required to address this matter.

Recommendation - It is recommended that a special task force be established to investigate ways and means that would allow for improvements in the sale of fish between the harvesters and the processors, in order to ensure transactions are carried out to the benefit of all stakeholders. This special task force should be initiated by the Department of Fisheries and composed of representatives of both harvesters and processors. Members should be appointed by associations where possible.

Considerations - In carrying their mandate, members of this task force should investigate methods used in other jurisdictions. Consideration should be given to pursuing this matter in consultation with neighboring jurisdictions.

10. HUMAN RESOURCES

Context - The viability of the processing sector rests on having access to human resources with appropriate skills and in appropriate numbers to continue operating the enterprises. Improvement in working conditions, recognition and training are required to move seafood processing from "employment of last resort" to a rewarding profession.

Recommendations:

- a) It is recommended that the Department of Post-Secondary Education, Training and Labor, in consultation with industry, undertake a review of the *Employment Standards Act* to establish more equitable hours of work and overall working conditions.
- b) It is recommended that a strong, provincial common front be established to advocate for and negotiate amendments to the Employment Insurance program so that it can adapt to the specific seasonal and intra-week nature of seafood processing.
- c) It is recommended that Post-Secondary Education, Training and Labor recognize the seafood processing profession as a professional designation.
- d) It is recommended that strategies to address labor shortages through targeted implementation of technology be developed.

Considerations - Throughout its deliberations, it was demonstrated that industry recognizes the urgent need to improve the level of remuneration for seafood processing employees.

11. TECHNOLOGY

Context - It will be important to ensure that NB industry has access to appropriate technology to maintain its leadership in the seafood processing sector.

Recommendations:

- a) It is recommended that special attention be placed, by both governments, on developing programs and funding to assist in research and development programs to foster the development of technologies that are then made available to all enterprises.
- b) It is recommended that the Department of Fisheries request DFO establish a quota set-aside program to provide fish for research (high risky) initiatives.

Considerations - It is understood that industry also has a significant part to play in developing mechanisms to access technology and in investing in technology.

The provision for a quota set-aside program is recommended to ensure a small amount of fish is retained from allocations to allow experimentation with new technologies and processes and is not designed to generate revenue for other purposes.

REPORT OF THE
GOVERNANCE STAKEHOLDER ACTION GROUP

PRESENTED TO
THE NB MINISTER OF FISHERIES
AND
THE MINISTER OF FISHERIES AND OCEANS CANADA

SEPTEMBER 30, 2007

To:

The Hon. Rick Doucet
New Brunswick Minister of Fisheries

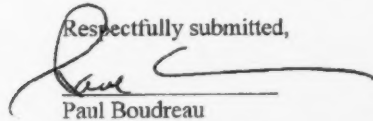
And

The Hon. Loyola Hearn
Minister of Fisheries and Oceans Canada

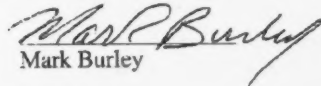
Ministers,

We have been honoured to be invited to participate in the Governance Stakeholder Action Group and submit the following report for your consideration.

Respectfully submitted,

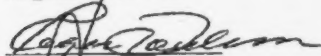


Paul Boudreau

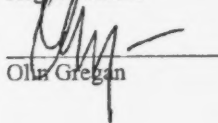


Mark Burley

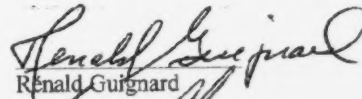
Réginald Comcau



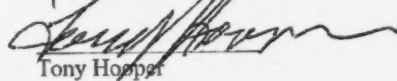
Roger Poulem



Oliver Grogan



Renald Guignard

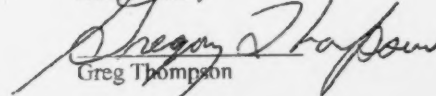


Tony Hooper

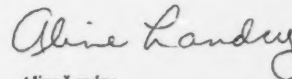


Bob Sweeney

Bob Sweeney



Greg Thompson



Aline Landry

GOVERNANCE

INTRODUCTION

The Governance Stakeholder Action Group has detected among the various stakeholders in the seafood industry, an increased willingness to come together and work in cooperation with each other. This was demonstrated by the commitment and engagement of members during the meetings of the Stakeholder Action Groups. It is in light of this cooperative spirit that the Action Group submits for consideration the recommendations contained herein.

The topic of "Governance" was raised during Ministerial consultations as well as during the Fisheries Summit. This no doubt was in reaction to the perceived difficulty that the industry in New Brunswick has in coming together around issues of importance to all. Opinions have often been expressed, that New Brunswick seems to have more difficulty than other jurisdictions in developing common understanding and positions.

Although the need for cooperation and coordination between those who harvest fish and shellfish and those who prepare it and deliver it to market is very important, stakeholders have often appeared to be operating in different industries. In the past, there has not been a commonly accepted opinion of the best way to bring various organizations together, nor a common understanding of the role and mandates of the various groups.

With stakeholders pursuing their individual interests, the fishing and seafood processing industry has often been paralyzed by not being able to develop approaches with a minimum support from a wide section of competing interests. This situation has also made it difficult for government to champion common industry issues, either within the province or in national and international forums.

Government, with a mandate to be open and transparent to all citizens, has had to be careful in responding to requests for assistance out of concern for the positions held by other representative organizations.

On the other hand, the individual enterprise nature of fish harvesting and seafood processing leads governments to deal with individual enterprises, as it is these enterprises that make the necessary investments.

Without negatively affecting individual interests, opportunities must be offered to those stakeholders that wish to address in a collective way, the common problems facing the industry.

As we move forward, it will also be important to take into account the desire of stakeholders, that any recommendation or action taken in support of an individual interest will not have a detrimental effect on the industry as a whole.

In the harvesting sector, we have seen a number of organizations attempting to represent the various sectors, fleets and geographic areas. Even where we have relatively stable organizations, there have been growing pressures to split up groups. We are witness to a large number of small organizations, all struggling with increased demands for meetings, advisory committees, consultations and processes.

The Governance Group considers it essential that the Department of Fisheries establish a framework, in consultation with industry, to strengthen industry organizations.

In the processing sector, a seafood processors association that represented a large portion of the production volume but relatively few of the license holders closed shop in 2006. With the closure of the New Brunswick Seafood Processors Association, the province's seafood sector, aside from a few individual members, lost the national connection and support that it received through the Fisheries Council of Canada.

The Governance Group considers it essential that every effort be made to establish a seafood processors association. In this regard, the Minister of Fisheries, at the request of our group, undertook to seek input from the 128 license holders on the merits of establishing such an association. The results of this consultation are reflected in *Appendix 1* of the report.

The Governance Stakeholder Action Group had the ambitious task of designing a process that would bring industry together to ensure a continued coordination of interests among fleets, regions, sectors, harvesters, processors etc. Only if New Brunswick's fish and seafood sector can work cooperatively in the best interest of the province, while still maintaining the independence and entrepreneurship that keeps our enterprises strong, can we maintain the competitive advantage required for today's markets.

We consider that we are now well on the way to assuring increased cooperation within the industry. This is in part due to the initiative of the Minister of Fisheries, with the support of the Minister of Fisheries and Oceans, to begin a process towards the fisheries renewal. There is also a sense that Governments are interested in the input of stakeholders and are prepared to act on their recommendations. It will now be important for both levels of Government to take a leadership role in supporting and acting on the important recommendations that have been formulated for the benefit of the industry as a whole.

We have been honoured to take part in this worthwhile initiative and we do look forward to contributing further in the future.

1. LEADERSHIP

Context - Since the Summit at the end of February 2006, and through the process of the Stakeholder Action Groups, it has been suggested that the fisheries and seafood industry has come together for the first time, in part due to the initiative and leadership of the Department of Fisheries. It is paramount that the momentum that brings stakeholders together be maintained and Government leadership continued.

Recommendation – It is recommended that the Provincial Minister of Fisheries continue to play a leadership role in bringing stakeholders together, and in insuring the successful implementation of the various components of the Fisheries Renewal Framework.

Considerations - It is the view of the Action Group that the Department of Fisheries will need to dedicate additional human and financial resources to ensure that consultations among stakeholders in the industry are maintained.

Our group also considers that part of exercising leadership includes challenging those whose actions run contrary to the good of NB industry as a whole.

What took place with the Stakeholder Action Groups has been a great example of bringing people together. This type of initiative must be allowed to continue and should be a permanent part of the mandate of the Department of Fisheries.

In our view, the responsibility of Governments extends to making every effort to maintain balance among the various stakeholders of the sector as well as the various fleets in order to ensure that the best interests of the industry are protected. The way Governments carry out consultation needs to be improved.

2. INDUSTRY ORGANIZATIONS

Context - Although it is recognized different groups have differing economic interests, many organizations each working at cross purposes, will erode the longer-term interests of stakeholders in the province.

In both harvesting and processing, we witness situations where many stakeholders benefit from the efforts of a few. With the exception of a few well-known organizations, a limited number of dedicated volunteers too often assume the time and financial cost of trying to improve the situation of the entire industry, without an equitable contribution from all the beneficiaries.

The Governance Stakeholder Action Group considers it essential that we collectively promote the development of strong representative organizations for both harvesters and processors.

The effectiveness of the very minor government contributions to industry organizations does not appear to be extremely high, as everywhere organizations are struggling to keep up with the workload, and often survive only through extreme dedication on the part of volunteers.

Recommendations:

- a) It is recommended that the Provincial Government in consultation with industry develop a framework, to strengthen industry organizations, to secure self financing mechanisms in the long term for the core associations that will be supported under this framework, and to provide interim resources that will be required by these core associations prior to reaching self sufficiency.
- b) It is recommended that in the case of seafood processors, the Provincial Government take the necessary steps to establish an association that will be self financing in the long term, and that will serve the interests of the industry as a whole.

Considerations - A working group was struck to review possible parameters of the framework. Members of the working group include: Olin Grogan, Réginald Comeau, Aline Landry and Greg Thompson. The working group also examined what would qualify an association to be recognized by Government taking into consideration existing legislation and the issue of "free riders".

The final report of the working group is contained in *Appendix 2*. In summary, the group indicated that strong representative organizations are required to provide the industry with tools to coordinate the different interests for the benefit of the entire province. It suggests the Government should encourage those organizations that seek to establish broad consensus rather than simply defend limited interests. It further suggested that Government should explore methods that would provide access to programs through organizations and make membership in organizations a condition for eligibility for programs.

In pursuing this action, government and industry aim for strengthened organizations, rather than new or more organizations.

This being said, a new organization is required for seafood processors. In our view, the Provincial Department of Fisheries must take the lead in determining how best to go about encouraging the formation of the organization. Consideration could be given to someone within the Department being given responsibility to jump start such an organization.

The Minister of Fisheries, at the request of our group, undertook to seek input from the 128 processing license holders on the merits of establishing a seafood processors association. The results of this consultation are presented in *Appendix 1*.

It should be clear to all stakeholders that associations must be accountable and responsible in how they represent their members if they are to maintain strong memberships. Additional incentive for individuals or enterprises to become members may be gained through the provision of services.

Government should consider creating incentives for individuals to belong to an association, such as restricting eligibility and accessibility to certain benefits only to those who are members of an association recognized under the framework.

There will always be individual operations that will not join an association unless they are forced by legislation to pay. Our group considers that out of the 128 license holders, 50 bona fide processors taking part in an association would be considered sufficient representation.

Although the ultimate goal is to have strong representative organizations that are self sufficient, Government resources will be required in the beginning to help build needed capacity. Substantial government investment will be required on a three-year, decreasing-scale basis. Despite our belief in the need for self-sufficiency, the Stakeholder Action Group strongly believes this one-time investment will prove worthwhile in the long run.

In pursuing this action, Governments will need to formulate criteria for eligibility for funding, while keeping partisan considerations out of the process. As pointed out in the Working Group report, the objective is to ensure representation is available where it is currently absent, not to duplicate associations that already exist.

One method to promote self financing could be to transfer a portion of annual licensing fees to associations. An initiative similar to that used in the agriculture sector where a farming enterprise only has access to the gas tax card through membership in an association might be pursued.

3. INDUSTRY CONSULTATIONS

Context - It is imperative that every effort be made to promote increased communication among all stakeholders in order to facilitate the development of common industry positions and provide for increased flow of information among stakeholders.

The Fisheries industry is encouraged by the Minister's initiative regarding the formation of a permanent Minister's Fisheries Round Table. But in addition to this initiative, a forum for industry consultation and debate to promote greater communication, education and development of the industry" is required.

Recommendation – It is recommended the Government of NB establish two permanent regional democratic round tables, one for the East Coast and one for the Fundy Region.

The purpose of these groups would be to promote education and the development of the industry and to address in a constructive manner the issues both within the industry and relating to conflicts with other sectors.

Considerations - In pursuing this action, the Department of Fisheries is expected to take full responsibility for the administration and funding of this initiative.

In establishing these regional tables, the Department of Fisheries should be guided by the following:

- Under normal circumstances, no organization or fleet sector should have more than one seat, but there should be adequate representation of the industry. The committee is mindful of the particular circumstances of the Maritimes Fishermen's Union.
- The regional round tables should have appropriate representation while still allowing them to be productive (maximum 15 participants).
- It is understood that all organizations will not be represented on these tables.
- Meetings should be held as much as possible on a monthly basis.
- There will be a need for a mechanism to feed the information from the regional round table back to those who are not represented.
- The committees will need to move beyond individual agendas and progress to a trusting, transparent communication that reflects the best interests of the industry.

The Governance Stakeholders Action Group encourages the Government to establish a mechanism so there may be on-going communication between the two regional round tables and the Minister's Fisheries Round Table. It is expected the round tables and the Minister's Round Table may have overlapping membership.

4.0 COMMUNICATIONS

Context - Although some parties may not be central participants in certain issues, they may still be impacted by decisions taken by others. They should therefore have an opportunity to access information on matters that affect them and a mechanism by which to provide input when required.

The expectation of the great majority of industry is that Governments, through their resources and services, will insure transparency as well as a suitable flow of information within the sector.

It is also generally agreed, that there is currently an inadequate flow of information to various stakeholders.

Recommendations :

- a) It is recommended that Governments immediately establish mechanisms for greater flow of information among stakeholders and for dispensing educational programs.
- b) It is further recommended by the Governance Stakeholder Action Group that the Department of Fisheries should establish an industry Newsletter and apply more resources to the Department's web page.

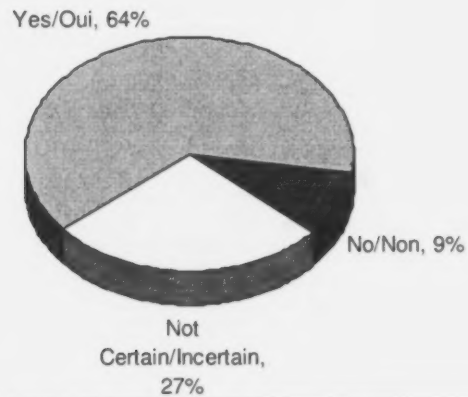
Considerations - Given the urgent need for improved communication, the Governance Stakeholder Action Group made a direct recommendation to the Minister on this matter.

A greater flow of information is required by both the harvesting and processing sectors in order to provide a better understanding of the industry challenges to the various players within the industry.

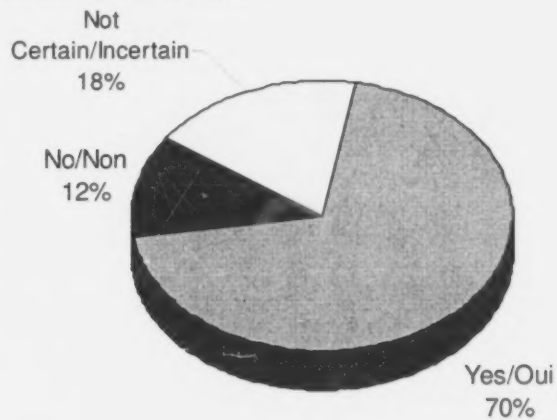
The Governance Stakeholder Action Group strongly supports the other recommendations that have been submitted by other Action Groups to improve communications within the industry. Such investments will serve to improve cooperation within the industry and allow for a better understanding of the various perspectives of stakeholders.

APPENDIX I-SURVEY OF PROCESSING LICENCE HOLDERS ON ASSOCIATION

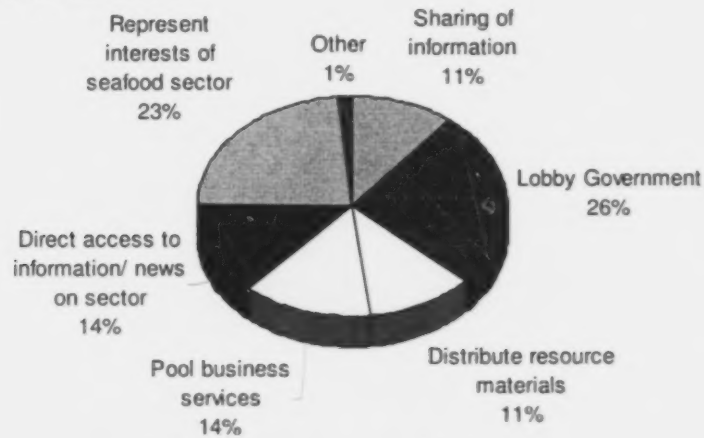
**Need For an Association
Besoin d'association**



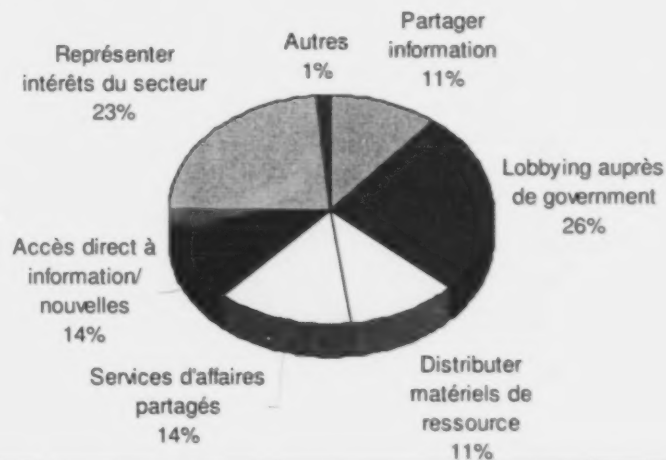
**Interest in becoming a member
Intérêt de devenir membre**



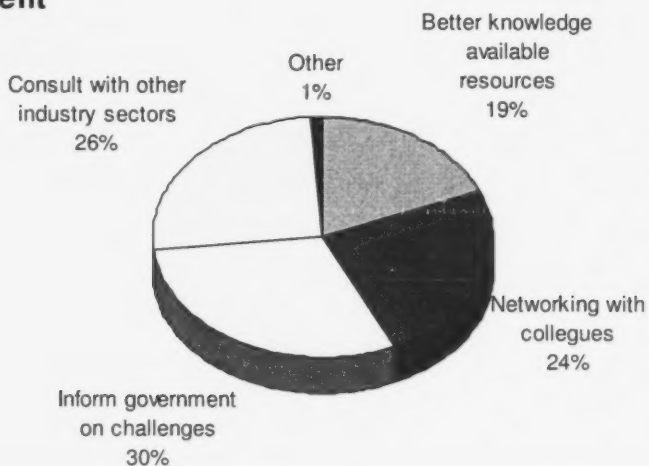
Role of an Association



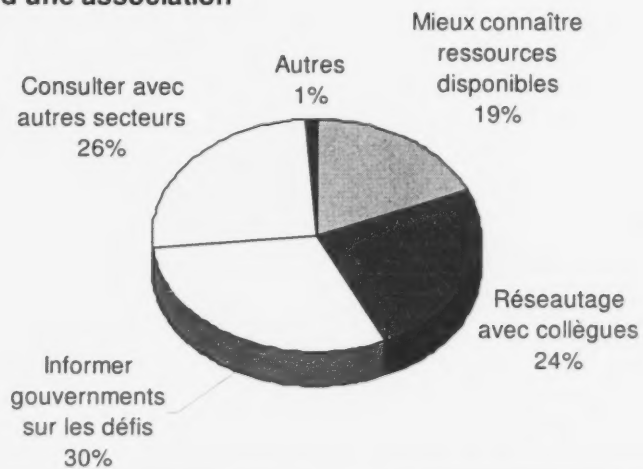
Rôle d'une association



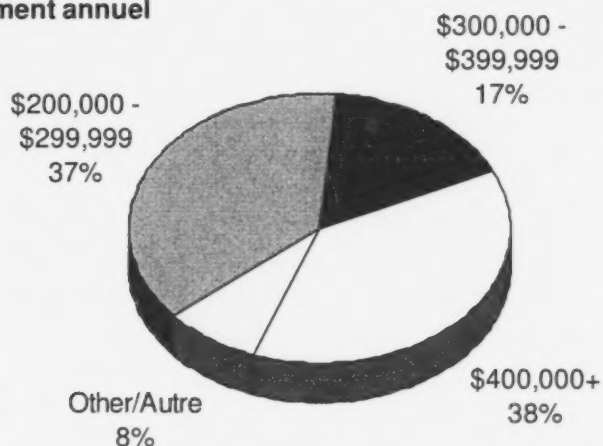
Company Benefit



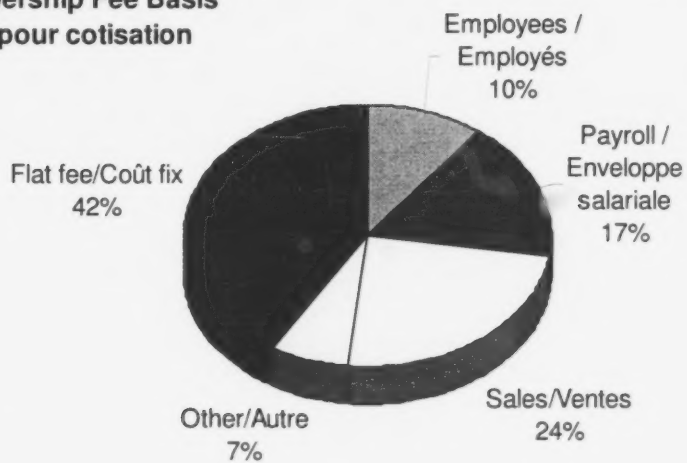
Bénéfices d'une association



Annual Investment
Investissement annuel



Membership Fee Basis
Base pour cotisation



**Stakeholders Action Group – Governance
Working Group on Associations Framework
August 02, 2007
Fredericton, NB**

Participating:

Réginald Comeau
Olin Gregan
Aline Landry
Greg Thompson
Joseph LaBelle

Background

The Stakeholders Action Group on Governance has recommended the following:

That the Provincial Government in consultation with industry develop a framework, to strengthen industry organizations, to secure self financing mechanisms in the long term for the core associations that will be supported under this framework, and to provide interim resources that will be required by these core associations prior to reaching self-sufficiency.

In the case of seafood processors, it is recommended that the Provincial Government take the necessary steps to establish an association that will be self financing in the long term, and that will serve the interests of industry as a whole.

A Working Group was struck to review possible parameters of the framework. Members of the working group include: Réginald Comeau, Olin Gregan, Aline Landry and Greg Thompson. The working group was also charged with examining what would qualify an association to be recognized by Government taking into consideration existing legislation and the issue of “free riders”.

The Working Group met on August 2nd, with the objective of bringing forward parameters, guidelines and suggestions as input to the Department of Fisheries in support of the Governance Stakeholder Action Group recommendations.

Discussion

It was stated that the Department of Fisheries’ interest in promoting representative groups and associations is to promote dialogue and communication between all stakeholders for the improvement of the overall fisheries industry. This communication is to resolve or reduce conflicts and tensions between interests so they can build a stronger and healthier seafood industry in the province.

Associations and organizations have a central role in ensuring there is a strong working relationship and open and free communications between sectors to ensure understanding and cooperation in addressing common issues. It is understood there are issues on which the interests of different groups diverge, but that does not reduce the need to be cooperative on those issues where common ground can be developed.

Rather than propose specific rules for associations, the Working Group felt it was more appropriate to provide some general guidelines for a future framework, such as:

- Larger organizations are better than smaller ones.
- Multi-interest organizations are better than single-interest organizations.
- The amount of dues collected by an organization reflects the commitment to be expected from members.
- The type of organization to be promoted must demonstrate a willingness to be flexible to reach common ground, rather than pursue only the interests of the members.
- Incorporation of the organization reflects commitment and an accountability structure to the membership.
- Legitimate organizations must be able to demonstrate an ability to take information back to their membership.
- Where fishermen have utilized the provisions of the *Inshore Fisheries Representation Act* to gain recognition, governments should privilege those organizations and be very careful not to encourage splinter groups.
- In sectors where there are a number of organizations, governments should encourage those groups to meet by themselves and determine the single representation for their sector.
- Organization membership as a prerequisite for access to government programs and services, such as the gasoline tax deduction, should be pursued, although there is a realization that legislative amendments may be necessary.
- Governments have to clearly signal that the expectation is that associations will gain a greater role and principle associations are the preferred method for dealing with governments. Government should establish policy that gives preferential treatment to associations that meet certain criteria when it comes to funding and/or programs.
- It was realized that since the Fisheries Summit in February, significant progress in having groups work together has been accomplished. However, there is still concern in some quarters about the number of representatives from different organizations in different fora. It was felt that current concerns about counting the number of representatives is a reflection of the current discomfort with the effectiveness of many processes. It was felt that a close accounting of the number of representatives from different groups/sectors would become less of an issue as the various sectors participated in effective discussion mechanisms where everyone was assured their voice was being heard. In an interim period, accommodation of strongly held requests for additional representation should be made where possible.
- Finally, the working group discussed the proposed questionnaire to be forwarded to processors. They strongly welcomed the initiative and suggested some improvements.

